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RETAIL ENERGY CODE

SUPPLIER OF LAST RESORT:

ROLES AND RESPONSIBILITIES UNDER THE RETAIL ENERGY CODE

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SUPPLIER OF LAST RESORT (SOLR) PROCESS – OFGEM SUPPLIER LICENCE CONDITIONS

Supplier of Last Resort is an Ofgem driven process with licence obligations placed on Suppliers (and Distributors)

Ofgem Supplier Licence Condition SLC 7: Terms of Contracts and Deemed Contracts
Purpose: Governs how customers transferred under SoLR are placed on deemed contracts.
In Practice:
- Customers automatically enter a deemed contract with the SoLR.
- SoLR must publish clear terms and tariffs for these contracts.
- Customers can switch away without exit fees.

Ofgem Supplier Licence Condition SLC 8: Obligations under Last Resort Supply Direction
Purpose: Sets duties when Ofgem issues a Last Resort Supply Direction.
In Practice:
- SoLR must start supplying affected customers immediately.
- Must comply with any conditions Ofgem specifies (e.g., tariff caps)

Ofgem Supplier Licence Condition SLC 9: Claims for Last Resort Supply Payment
Purpose: Allows recovery of reasonable costs incurred during SoLR.
In Practice:
- SoLR can submit a claim to Ofgem for costs (credit balances, onboarding, etc.).
- Costs are recovered via the SoLR Levy, spread across all consumers.

Ofgem Supplier Licence Condition SLC 4A: Operational Capability
Purpose: Ensures suppliers maintain systems and resources to meet obligations.
In Practice:
- SoLR must demonstrate capability to handle sudden customer influx.
- Includes IT systems, staffing, and customer service readiness

Ofgem Supplier Licence Condition SLC 4B – Financial Responsibility Principle
Purpose: Requires prudent financial management to avoid failure.
In Practice:
- SoLR must show financial resilience before accepting appointment.
- Ofgem assesses risk before issuing SoLR Direction.

Ofgem Supplier Licence Condition SLC 4D – Protecting Domestic Customer Credit Balances
Purpose: Protects customer funds in case of supplier failure.
In Practice:
- SoLR often agrees to honour credit balances.
- Ofgem may require evidence of ability to do so.

Ofgem Supplier Licence Condition SLC 19C – Customer Supply Continuity Plans
Purpose: Mandates contingency planning for supply continuity.
In Practice:
- Suppliers must have documented plans for SoLR scenarios.
- Plans reviewed periodically by Ofgem.

REC ROLE IN SUPPLIER OF LAST RESORT (SOLR) PROCESS

The Ofgem SoLR process aims to protect Consumers (their data, credit balances and energy supply) during insolvency processes of Energy Suppliers. It is a Cross Code process and impacts all Energy Codes, some to a greater degree than others.

At the highest level the REC responsibilities are to:

- Communicate and co-ordinate SoLR activity across the Code Manager function, with RECCo and Service Providers
- Work with REC service providers to manage access for both the exiting and replacement Supplier, limiting risk and facilitating a smooth transfer of Supply
- Support the replacement Supplier through the process, including supporting data provision and resolving issues
- Monitor switches until transfer complete
- Support the losing Supplier where possible
- Update portal registers where/when appropriate
- Maintain accurate records

OVERVIEW OF THE CURRENT PROVISIONS IN THE REC

Schedule 19 – Market Exit and Supplier of Last Resort includes relevant provisions

The Replacement Supplier is responsible for the MPxNs (supply, obligations, charges) at the 'Replacement Supplier Effective Date' defined out in the SoLR direction.

Schedule 19 requires:

Replacement Supplier	Provide a clear plan to the Code Manager to onboard the Consumers.
Code Manager	Remove access to REC Services. This happens in different ways, but covers CSS, EES, GES, SDES and ETTOS.
DNOs / GES	Provide data on the Metering Points affected.

STANDING DATA AND ACCESS REMOVAL

As a general principle, we should remove unnecessary access to information, to protect Consumer data. We are keen to do so in a way that balances security and practicality.

Services to transition

CSS: ‘As soon as reasonably practicable’ request revocation of failed Supplier’s CSS security credentials

EES / SDEP: ‘As soon as reasonably practicable’ submit request to remove the failed energy Supplier’s access

GES: ‘As soon as reasonably practicable’ submit request to remove the failed energy Supplier’s access

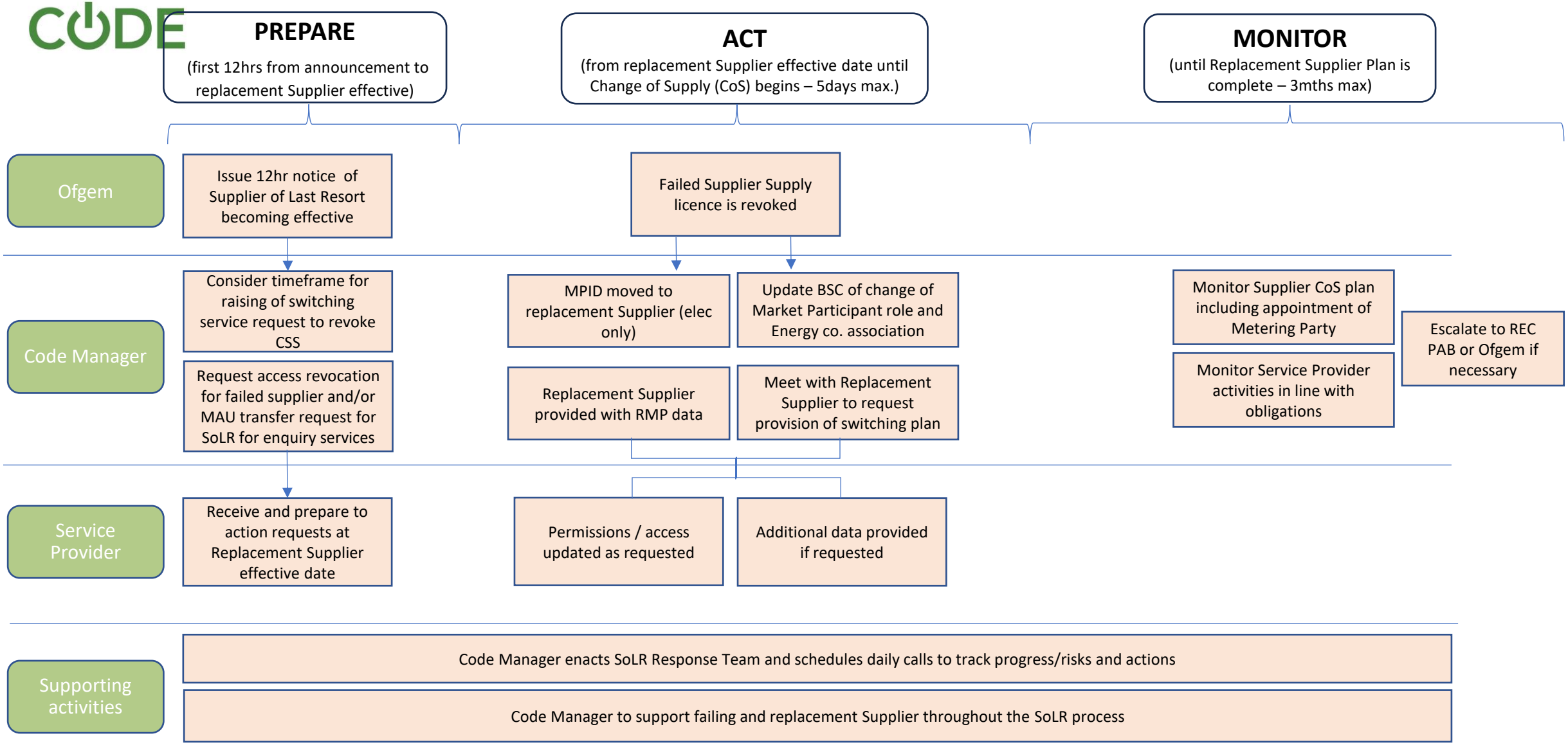
Services to exit immediately

ETTOS: Tip offs should be sent to the Replacement Supplier, either once RMPs are switched or the MPID transferred.

REC PORTAL: These accounts are closed.

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REC SOLR ACTIVITIES



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ANY QUESTIONS