
Consent given by the Gas and Electricity Markets Authority pursuant to Standard Condition 9 (Claims for Last Resort Supply Payment) of the Electricity Supply Licence granted or treated as granted under section 6 of the Electricity Act 1989 to Octopus Energy Limited

To: Octopus Energy Limited (Company number: 09263424)

Whereas:

A. Octopus Energy Limited (the “**Licensee**”) is the holder of an electricity supply licence (the “**Licence**”) granted or treated as granted under section 6(1)(d) of the Electricity Act 1989.

B. On 24 September 2021 the Gas and Electricity Markets Authority (the “**Authority**”) issued the Licensee with a direction to supply electricity to the customers of:

(a) Avro Energy Limited (Company Number: 09174794)

with effect on and from 26 September 2021 under paragraph 1 of standard condition 8 of the Licence (the “**Last Resort Supply Direction**”).¹

C. On **1 December 2021** the Authority published its decision to introduce a temporary multi-claim process for claims under Standard Condition 9 of the Licence for a Last Resort Supply Payment.²

D. On 17 December 2021 the Authority gave its conditional consent under Standard Condition 9.6 of the Licence³ to the Licensee to make a claim for a Last Resort Supply Payment.

E. In accordance with the conditions of that consent, the Licensee entered into a binding commitment, in the form of a deed of agreement (the “**True-up Agreement**”), to:

- a) on the date or dates specified by the Authority, declare where the amount calculated in this Last Resort Supply Payment has, when re-calculated on that date in accordance with SLC 9.4, changed,
- b) provide any supporting confirmation, information or evidence (such information or evidence to be for the purposes of and in accordance with SLC 5) requested by the Authority in respect of such recalculation;
- c) repay any amount then determined by the Authority acting reasonably as being in excess of the relevant amount under SLC 9.4 (including interest on working capital) following such declaration;
- d) to do so when and in the manner directed by the Authority, following consultation with the Licensee.

F. On **10 October 2022**, the Licensee gave notice to the Authority under standard condition 9.3 of the Licence of its claim for a payment to compensate for additional costs it incurred in complying with a Last Resort Supply Direction.

G. Standard conditions 9.5 and 9.6 of the Licence state that the Authority will give its consent for the Licensee to make the claim notified to it if it considers it appropriate in all the circumstances of the case

¹ <https://www.ofgem.gov.uk/publications/direction-appoint-octopus-energy-limited-electricity-supplier-last-resort-customers-avro-energy-limited>

² www.ofgem.gov.uk/publications/decision-letter-supplier-last-resort-levy-claims

³ <https://www.ofgem.gov.uk/sites/default/files/2021-12/Octopus%20Energy%20Limited%20-%20Electricity%20Consent%20-%20for%20Avro%20Energy%20Limited.pdf>

or the Authority may determine that an amount other than the one calculated by the Licensee is a more accurate calculation of the relevant amount for the Last Resort Supply Payment.

H. The Authority consulted on its determination of the amount it considered appropriate for the Licensee to recover.

I. The Authority has made a decision on the relevant amount it will consent for the Licensee to recover as a Last Resort Supply Payment, taking into account the evidence provided by the Licensee in support of the claim and representations made by interested parties. The reasons for the Authority's decision can be found in its decision document.

Therefore:

J. Pursuant to standard condition 9.6 of the Licence, the Authority hereby consents for the Licensee to claim for a Last Resort Supply Payment of up to **£20,483,413.82** from the relevant distributors, as set out in Schedule 1, subject to the following conditions:

1. *That the Licensee confirms that:*

- 1.1. *the claim for which this consent is given is a Subsequent Levy Claim for the purposes of the True-up Agreement executed by the Licensee on 27 January 2022, and*
- 1.2. *the terms of the True-up Agreement continue to apply to this and subsequent claims in respect of the Last Resort Supply Direction.*

K. This amount shall be reduced by 55% of any amounts the Licensee recovers from the liquidation of **Avro Energy Limited**

L. Pursuant to standard condition 9 of the Licence, relevant distributors are electricity distribution licensees in whose distribution areas there were premises supplied under the Last Resort Supply Direction, excluding independent distribution network operators.

M. This consent shall take effect on and from **20 December 2022**.

Dated: 19 December 2022.

Signed

A handwritten signature in black ink, appearing to be 'Neil Lawrence', written in a cursive style.

Neil Lawrence,

Director of Retail

Duly authorised on behalf of the Authority

Schedule 1 – Allocation to Networks

Distribution Licensee	Total Number of Premises	Proportion of Total Number of Premises
Electricity North West Limited	2,412,196	8.0%
Northern Powergrid (Northeast) plc	1,616,140	5.4%
Northern Powergrid (Yorkshire) plc	2,322,737	7.7%
Scottish Hyrdro Electric Power Distribution plc	788,261	2.6%
Southern Electric Power Distribution plc	3,127,424	10.4%
SP Distribution plc	2,016,358	6.7%
SP Manweb plc	1,527,950	5.1%
Eastern Power Networks plc	3,678,637	12.2%
London Power Networks plc	2,384,532	7.9%
South Eastern Power Networks plc	2,327,062	7.7%
Western Power Distribution (East Midlands) plc	2,686,722	8.9%
Western Power Distribution (South Wales) plc	1,151,120	3.8%
Western Power Distribution (South West) plc	1,646,359	5.5%
Western Power Distribution (West Midlands) plc	2,515,482	8.3%
Total	30,200,980	100%