

Domestic suppliers

By email

Email:

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Date: 3 March 2023

Dear Stakeholder,

In November last year we published our statutory consultation [Strengthening Financial Resilience](#). As part of this consultation, we proposed requiring suppliers to ringfence Renewables Obligation (RO) receipts attributable to domestic supply. We also proposed new requirements as part of an enhanced Financial Responsibility Principle that would in certain defined circumstances enable the Authority to direct suppliers to ringfence some or all of their domestic customer credit balances (CCBs).

Today we are publishing the following suite of draft documents that we intend to use to operationalise these new requirements, should we decide to implement them.

- **Draft RO ringfencing schedule** – sets out the key dates and deadlines for the RO ringfencing process for the RO scheme year running from 1 April 2023 – 31 March 2024. Subject to our final policy position, for the 23/24 scheme year only, we would envisage any requirements for providing evidence of protection running in line with the Q2 timetable followed by subsequent quarterly timetables.
- **Draft Supplier guidance for SLC 30 ‘Ringfencing the Renewables Obligation’** – gives an overview of supplier obligations under draft standard licence condition 30 of the Standard conditions of the electricity supply licence. The guidance explains what licensed electricity suppliers would be required to do to ringfence their RO. It sets out how we calculate the Quarterly Cumulative Obligation and when and how proof of protection would need to be demonstrated.
- **Draft templates for the Protection Mechanisms** – these draft templates cover the Standby Letter of Credit, the First Demand Guarantee, the terms for a Trust Account, and the terms for an Escrow Account as referenced in 5.15 of the statutory consultation. They are intended to be used to standardise the approach to ringfencing RO receipts (and CCB balances where applicable) and streamline administration for both suppliers and Ofgem.

We welcome any comments on these documents via email to [RetailFinancialResilience@ofgem.gov.uk](mailto:RetailFinancialResilience@ofgem.gov.uk) by close on **17 March 2023**. We plan to consider any representations and to publish final versions of these documents alongside our decision on our statutory consultation.

David Hall

Deputy Director – Financial Resilience and Controls