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4 July 2023

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Wales & West Utilities Limited: Response to the letter on ending the temporary Last Resort Supply Payment claim process

Dear Melissa,

Thank you for providing Wales & West Utilities Limited (“WWU”) the opportunity to formally respond to Ofgem’s letter on ending the temporary Last Resort Supply Payment (LRSP) claim process.

Background

We understand Ofgem proposes to end the temporary multiple claim process for Suppliers of Last Resort (SoLR) claiming for LRSPs and revert to the ‘single claim’ process as used prior to autumn/winter 2021 in accordance with the following expectations set out in Ofgem’s letter of 1 December 2021¹:

“As we set out in our letter, the faster claim process that we have designed will only be used to support SoLRs during the current extreme market conditions, meaning SoLRs appointed from and including 1 September 2021. We will communicate to industry when we no longer consider it necessary to use this process and when we can revert to the former single levy claim process”.

Under the single levy claim process, the deadline for Gas Distribution Networks (GDNs) receiving valid LRSP claims from SoLRs to reflect in transportation charges for the forthcoming regulatory year was 31 October, as outlined in Ofgem’s letter of 29 October 2021².

¹ Decision letter on supplier of last resort levy claims: <https://www.ofgem.gov.uk/publications/decision-letter-supplier-last-resort-levy-claims>

² Letter to suppliers on supplier of last resort levy claims: <https://www.ofgem.gov.uk/publications/letter-suppliers-supplier-last-resort-levy-claims>

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GDNs worked closely with Ofgem over a number of months from Autumn 2021 to ensure the proposals for a temporary multiple claim process could be successfully implemented, including agreeing to an extended deadline for receiving valid LRSP claims from SoLRs.

Implications for GDNs

An extended deadline of 31 December for receiving valid LRSP claims from SoLRs was included within updated Standard Special Condition A48: Last Resort Supply: Payment Claims of the Gas Transporter Licence.

Since 2021 this has resulted in GDNs having to request, and subsequently re-publish, Price Control Financial Models as part of the 2021 and 2022 Annual Iteration Processes (AIP), to ensure that valid LRSP claims were reflected in transportation charges for the forthcoming regulatory year. An obligation accepted by WWU due to the extreme market conditions.

However, on the basis that the multiple claim process for SoLRs claiming for LRSPs is no longer considered necessary and Ofgem are proposing to revert to the 'single claim' process, then we request that the deadline for receiving valid LRSP claims from SoLRs is also reverted to 31 October. This will avoid the need for GDNs to continue, on an ongoing basis, to submit further iterations of the PCFM in the January following the AIP.

Please don't hesitate to contact us, if you have any questions or require clarification, in respect of the above.



Neil Henson
Director of Finance & IT

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