

# Offtaker of Last Resort scheme (OLR)

[www.ofgem.gov.uk/olr](http://www.ofgem.gov.uk/olr)

28 Sept 2023

## OLR Annual Report 2022-23

### Introduction

The Offtaker of Last Resort (OLR) scheme was introduced on 1 October 2015 by the Department for Energy and Climate Change (DECC).<sup>1</sup> The scheme is designed to help eligible Contracts for Difference (CfD) generators by providing an alternative route to the market for their electricity. It is intended as a last resort to help generators when they cannot obtain a power purchase agreement through the usual routes. The OLR scheme achieves this by facilitating a Backstop Power Purchase Agreement (BPPA) between the generator and a supplier via a competitive auction process.

Ofgem is the statutory administrator of the OLR scheme. Our main role is to enable generators to enter into a BPPA by assessing the generator's eligibility and running BPPA auctions. We work with the Department for Energy Security and Net Zero (DESNZ) to ensure the scheme is being delivered in accordance with government policy.

This report covers activity on the scheme for the 2022-23 reporting year (1 April 2022 – 31 March 2023). For further information and guidance on the OLR scheme please refer to our website.<sup>2</sup>

### Update

Since its launch there have been no applications to the OLR scheme and no BPPAs have been entered into.

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<sup>1</sup> The responsibilities of DECC (Department for Energy & Climate Change) were assumed by BEIS (Department for Business, Energy & Industrial Strategy) in 2016. As of February 2023, DESNZ (Department for Energy Security and Net Zero) assumed responsibility for the OLR scheme.

<sup>2</sup> [Further information on the OLR scheme](https://www.ofgem.gov.uk/environmental-and-social-schemes/offtaker-last-resort-olr) <<https://www.ofgem.gov.uk/environmental-and-social-schemes/offtaker-last-resort-olr>>

## Dry run

We periodically carry out a 'dry run' of the process to ensure that the team at Ofgem, the mandatory suppliers and other stakeholders are up to date and prepared for an OLR application.

There was no dry run carried out in 2022-23.<sup>3</sup> The process will now be bi-annual with the next dry run to be carried out in 2024.

## Mandatory suppliers

Each year we determine which suppliers are to be mandatory OLR suppliers based on whether they meet the relevant criteria. A supplier is determined as a mandatory supplier if they, and any affiliates of theirs, supplied 6% or more of all the electricity supplied to customers in Great Britain in the applicable OLR year. We are required to make these determinations by 1 September each year. For the 2022-23 period, we determined that the following suppliers were mandatory suppliers.

<b>Mandatory suppliers</b>
British Gas Trading Ltd
EDF Energy Customers Plc
E.ON Energy Solutions Limited
ScottishPower Energy Retail Ltd

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<sup>3</sup> We most recently completed a dry run in February/March 2022. As part of the 'dry run' we made sure that all steps of the OLR application and auction process were followed to the same standards and within the same timelines as would be required in the event of a real application to the scheme. This included reviewing a simulated expression of interest and other eligibility documents and running a practice BPPA auction via our [online auction portal](https://ofgem.bravosolution.co.uk/web/login.html): <<https://ofgem.bravosolution.co.uk/web/login.html>>