

David Hall
Deputy Director of Financial Resilience and Controls
Ofgem
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London
E14 4PU

3 April 2024

Dear David

Consultation on a proposal for a SoLR Levy Offset

Thank you for your invitation seeking representations to the above consultation, which Xoserve support.

The proposal that has been put forward appears to be pragmatic and would address the current situation whereby, the shareholders of a failed Supplier can benefit from a cash distribution from an insolvency practitioner, due to the value of assets outweighing the debt. This scenario has previously been encountered and the proposal addresses this current risk, allowing consumers to benefit through lower network charges.

It is worth noting that the proposal would increase the number of unsecured creditors and total debt with insolvency practitioners, resulting in a lower dividend return to other industry claims, such as energy balancing where the initial debt and subsequent dividends (which are often small in comparison to the overall debt) are mutualised to the remaining Shippers operating within the market.

Suppliers currently enter a Deed of Undertaking with gas transporters as part of Supplier Licence Condition 18 (covering charges and security in the event of Shipper failure). For gas this is managed by Xoserve as part of our onboarding process, with one deed covering all main gas transporters. One thought for consideration would be whether the requirements of Supplier Licence Condition 9 could be captured within the existing undertaking to prevent the requirement for separate undertakings.

I trust that this information will assist Ofgem in its analysis. Should you have any questions in relation to my response then please contact me on 0121 229 2085 or by email brendan.gill@xoserve.com

Kind regards

A handwritten signature in black ink, appearing to be 'B. Gill', with a stylized flourish at the end.

Brendan Gill
Credit Risk and Neutrality Manager