
Debt Relief Scheme (DRS): Policy update working paper

1. Introduction

- 1.1. This working paper builds on our December 2024 policy consultation [Resetting the energy debt landscape: the case for a debt relief scheme](#) on tackling the historic energy debt built up during the energy crisis.¹ This paper reflects our current thinking on our proposals to 'reset' the debt and raise debt standards. It is intended to provide stakeholders with our expectations for implementation of DRS in the coming months.
- 1.2. We remain concerned about the continued rise in levels of debt in the energy sector. This trend highlights wider issues, including limited and often short-lived engagement between suppliers and consumers. While suppliers are responsible for engaging effectively, current approaches often fall short as many fail to reach customers or assess affordability accurately, resulting in repayment plans that are not sustainable.
- 1.3. We recognise that low engagement often reflects broader affordability pressures beyond the energy sector. Many customers face complex and overlapping challenges that cause significant distress and make it difficult to engage with suppliers or other services. That is why we are proposing targeted debt write-offs for those in genuine financial difficulty – ensuring support is directed where it is most needed, while avoiding assistance to those able to contribute without experiencing hardship. While we are proposing Debt Relief Scheme (DRS) eligibility criteria design to restrict support to only those in need, we acknowledge that some debt which could have otherwise been repaid may still be written off. We believe this is a proportionate approach, given the greater benefit it delivers to customers facing serious hardship.
- 1.4. This working paper sets out our proposed approach to the first phase of the DRS, which we plan to launch this winter subject to legislation. The paper builds on our extensive engagement, bringing our proposals together in a single place for stakeholder comments ahead of a statutory consultation. We particularly welcome views on conditionality (i.e. eligibility and engagement criteria) and on methods of

¹ See "[Resetting the energy debt landscape: the case for a debt relief scheme](#)",

supplier reimbursement. As part of this paper, we are also including early draft licence conditions to support the implementation of the scheme. We similarly welcome feedback on these.

- 1.5. Once we have received and analysed this feedback, we expect to publish a statutory consultation setting out our detailed expectations for DRS delivery in September 2025. The DRS forms part of our wider debt strategy, aimed at ensuring better outcomes for customers and the sector as a whole. We plan to update on this strategy in the autumn, alongside the DRS Phase 1 statutory consultation.
- 1.6. We want to hear from stakeholders who are interested in the content of this Debt Relief Scheme Working Paper. Please send your responses, including any supporting evidence to DebtConsultations@ofgem.gov.uk by 5pm on Friday 29 August 2025.

2. Summary of Key Scheme Components

- 2.1. The following table sets out proposed scheme parameters. In some cases, multiple options are listed where we do not currently have a “minded to” position and are seeking stakeholder views.

Scheme Objectives	Reduce domestic energy debt, improve engagement and debt culture, support work on the Debt Strategy ²
Phased implementation	Phase 1 - Q1 2026: Customers in receipt of Means-Tested Benefits (MTBs). Phase 2 - Summer 2026: All other eligible customers.
Customer Eligibility Criteria	1. Domestic Customers/households with £100 or more of debt, 2. Debt accumulated between 1 April 2022 – 31 March 2024 2. Make some payment towards current usage in the most recent billing period. 3. In receipt of means-tested-benefits
Engagement conditions	Customers on MTB who are already engaged - such as those on a repayment plan or paying towards ongoing usage – will automatically qualify for debt write-off on eligible balances.

² [Debt strategy](#)

	MTB customers who are currently disengaged must respond to supplier contact, provide basic information and engage with at least one additional support option – such as agreeing to a repayment plan, agreeing to a smart meter install, enrolling in the Fuel Direct Scheme or accepting a signpost to a debt advice service.
Level of debt support Cap	Capped at total outstanding eligible debt at the point of statutory consultation publication
Scheme Delivery and Supplier Oversight	The pre-scheme supplier readiness process and the reporting, assurance, and compliance obligations on suppliers throughout the life of the scheme.
Supplier Reimbursement Methodology	Presents 3 options for how we calculate the value which suppliers need to be reimbursed for- a Notional Company Model, a Supplier-by-Supplier Model and a Hybrid Model. It also discusses how customer contributions should be modelled for the scheme
Funding and Supplier Cost Recovery Process	Sets out that the funds for this scheme should be collected via network charges, distributed on a Pay When Paid basis with the option of 3 rd Party Assignment

3. Revised Scheme Objectives and Design

Scheme Objectives

- 3.1. Aligned with our earlier consultation, our proposed statutory consultation will retain the scheme’s two primary objectives and introduce a third objective that aligns DRS with the rest of our work on debt in improving outcomes for indebted consumers in debt across the energy sector as well as reducing overall levels of debt.
- 3.2. The revised DRS objectives are as follows:
1. To reduce the levels of domestic debt and arrears in the energy sector and have this shown directly on customer accounts.
 2. To facilitate improvements in the culture of debt management and provide an opportunity to build relationships between consumers and their suppliers.
 3. To support the objectives of our Debt Strategy (i.e. to improve debt outcomes for customers and the sector as a whole).

3.3. We plan to set out an update on our wider Debt Strategy in the autumn³. We expect this to include further considerations on:

1. Ensuring we have a controlled approach to credit in the retail market, including exploring the roles of different payment methods and reviewing how and when financial support should be offered to customers. Tackling system inefficiencies and incentives that might mean that customers with the means to pay, avoid paying their fair share, or are not incentivised to engage with their supplier;
2. Improving customer trust and engagement in the sector to ensure better debt outcomes for individual customers and the sector as a whole.

Phased implementation

- 3.4. After our extensive engagement with stakeholders, we are proposing a phased approach to implementation of DRS. The first will target customers on MTB as a readily identifiable customer cohort where there is already a reliable affordability proxy. The second will seek to reach non-MTB customers who, subject to an affordability assessment, are determined to be eligible for debt relief.
- 3.5. Our proposed approach is to implement Phase One of DRS by the end of Q1 2026. The phase will target customers who are in receipt of means tested benefits, which we estimate to represent approximately one third of all consumers eligible for the debt relief scheme.
- 3.6. Phase Two will target the remainder of the customers with eligible debt, using a standardised and enhanced ability to pay assessment to identify which customers are eligible to receive DRS support. This phase will be delivered later in 2026.
- 3.7. We will continue to engage with stakeholders throughout the implementation process to ensure that the scheme is delivered effectively and achieve its intended outcomes.

Eligibility Criteria

- 3.8. In our December consultation, we proposed that customers would have to meet certain eligibility criteria in order to access support. Stakeholders broadly supported the importance of clear eligibility and affordability checks to ensure that

³ [Debt strategy](#)

the Scheme is effectively targeted at those most in need. In response, we propose to adopt the following set of **eligibility criteria for Phase One** of DRS.

3.9. To qualify for DRS an individual must:

1. Be a domestic customer or household;
2. hold eligible debt of £100 or more;
3. be in receipt of means tested benefits; and
4. make some payments towards consumption in the billing period immediately prior to the supplier enrolling the consumer in the scheme. Suppliers should work with customers to make it as easy as possible for them to make these payments.

Period of debt accumulation

3.10. We propose to define debt accumulation as that accrued between 1 April 2022 to 31 March 2024 (the “energy crisis period”). Any debt accrued outside of this period would not be eligible, including debt influenced by fluctuations in repayment or re-accrual during the crisis.

Cap on DRS Support

3.11. We need to balance the scheme between providing support for vulnerable consumers and limiting costs to all households. As such we propose to cap the

3.12. amount of debt relief available to an individual customer at the total of the eligible debt they hold at the point of the DRS statutory consultation publication date

For example, a consumer with a total debt of £2,000 of which Energy Crisis Debt is £1,000, goes on to repay £1,500 before DRS support is issued. The Capped Support will be £500. This approach: a) addresses inconsistencies caused by repayment and re-accruals fluctuations, b) reduces the risk of consumer disengagement from repayment plans in anticipation of support, c) ensures value for money and avoids disincentivising payment.

3.13. We invite stakeholders to provide views on how energy crisis (eligible) debt might be calculated for individual customers. We are keen to understand how suppliers apply repayments to customer accounts which are in debt, and how this might affect calculations of eligible debt. Equally, we welcome views on which approach to the available DRS support would be most effective.

We welcome stakeholder views on:

- 1. Whether we should cap available DRS support as at statutory consultation date?*

Affordability Assessment

- 3.14. We propose to use MTB eligibility as a proxy for income assessment in Phase One. This removes the need for suppliers to carry out (and develop additional capacity to deliver) income and expenditure assessments as part of this phase.
- 3.15. We propose to develop a refined process for ability to pay assessment in tandem with our Debt Standards work in time for Phase Two of DRS. We will engage with stakeholders further as part of that work.

Engagement Conditions

- 3.16. As we set out in our May working paper, a key aim of the DRS is to support re-engagement of customers in debt with their energy supplier and the market. Our aim is to ensure that engagement criteria are proportionate and do not create unnecessary barriers for customers who would benefit from support.
- 3.17. To that end, customers who are already engaged including paying something towards ongoing usage will be considered 'engaged' and automatically eligible for debt relief on qualifying debt. For disengaged customers, eligibility will require a basic level of re-engagement. This includes responding to supplier contact, providing relevant account information (for example, a meter reading), and discussing the following:
 1. **Repayment plan** – to repay towards outstanding debt not eligible for DRS write-off, and help prevent further debt accumulation
 2. **Smart meter installation** - to improve energy usage awareness, get access to a wider range of more innovative tariffs, and billing accuracy;
 3. **Use of the Fuel Direct Scheme** - to enable manageable deductions from benefits for ongoing usage and debt repayment⁴.

⁴ One stakeholder has highlighted potential challenges with the scheme's implementation and administration; particularly around how existing processes may hinder its practical delivery. We are committed to working collaboratively with government and suppliers to explore potential improvements.

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4. **Signpost to accredited advice charity** - to provide independent financial guidance, budgeting support, and access to additional entitlements.
- 3.18. We are not proposing to set a fixed timeframe for engagement. Instead, engagement efforts should continue throughout the life of the scheme, allowing for flexibility, accessibility, and responsiveness to individual circumstances.
- 3.19. Through this proposal, we are seeking to strike a balance between incentivising improved payments where possible (and therefore reducing bills) and improving the reach of the scheme to customers who may have difficulties engaging. We could lower barriers further, for example by removing the condition that all customers must be making ongoing payments to be eligible. Or we could set a higher threshold for access, by making one or more of our engagement conditions compulsory, or by requiring a history of payments being made for a minimum period before eligibility.

We welcome stakeholder views on:

- 1. Are there any alternative engagement pathways that customers could choose to demonstrate a commitment to resolving debt sustainably?*
- 2. Do you agree with the conditions proposed for both engaged and currently disengaged customers, or do you believe that the threshold for accessing DRS should be lower or higher (and if so, please clarify how)?*
- 3. Are there any improvements that could be made to existing processes or rules to make the scheme more effective – e.g. to the Fuel Direct Scheme*

Closed accounts

- 3.20. In the policy consultation we outlined potential approaches for including closed accounts within the Debt Relief Scheme. Stakeholders broadly agreed that including closed accounts is important to ensure fairness and inclusion, particularly for customers who may have moved supplier or closed their account while still carrying eligible debt. However, some stakeholders raised GDPR and commercial concerns about sharing customer data between suppliers to assess total eligible debt, and the practicalities of issuing debt relief where the customer relationship has ended. We recognise the challenges of including all closed accounts in the scheme. Given that customer engagement is a core requirement for accessing DRS support, we propose that only closed accounts where the customer is actively engaging with their supplier - such as making efforts to repay their energy crisis

debt, regardless of change in residence or supplier – will be eligible. Customers with closed accounts who no longer hold 'live' accounts but are engaging to repay their crisis debt will not be required to contribute towards current consumption to qualify for debt write-off. All other closed accounts will be excluded from phase 1 of the scheme.

Debt write-off outside of DRS

- 3.21. We note that suppliers already write off some customer debt on a discretionary basis. While this is outside of the scope of this scheme, suppliers may continue to write off debt of customers that they are unable to engage with where they deem this to be appropriate.

4. Scheme Delivery and Supplier Oversight

Phase One: Proposed Delivery Approach

- 4.1. Phase One of DRS will target customers who are eligible to receive certain MTBs.
- 4.2. MTB-eligible customers will be identified using suppliers' 2025/26 Warm Home Discount (WHD) data matching exercise and a further DWP data matching exercise to identify customers eligible for MTBs but not for WHD (primarily those in Scotland).
- 4.3. In Phase One, suppliers will:
- Identify which customers have eligible ('energy crisis period') debt prior to the launch of the scheme;
 - Identify whether these customers are in receipt of means tested benefits using DWP data matching;
 - Immediately write off eligible debt for those customers in receipt of MTBs who are already meeting engagement criteria;
 - Make proactive contact with potentially eligible customers to provide them with information regarding the scheme;
 - Offer a route for other customers in receipt of MTBs to engage to qualify for scheme support.
- 4.4. Legislation enabling the use of Means Tested Benefits data for energy debt relief scheme must be in place for DWP data matching to be used for DRS. The Department for Science, Innovation and Technology have published the [consultation](#) for this amendment, with responses requested by 23rd September 2025. The launch of DRS will follow from this legislation. We are working with

colleagues across government to develop this legislation and expect the statutory Instrument to be laid in January 2026 and enacted in Spring 2026.

- 4.5. Subject to this legislative change, customers already meeting engagement criteria should receive support in Q1 2026. Receipt of support by non-engaged customers would depend on the time of application and the time taken to meet engagement criteria, but all customers should have the opportunity to commence engagement in Q1 2026. Our analysis of supplier RFI data suggests that approximately 195,000 MTB customers will be targeted in phase 1, of whom 175,000 are already engaged and 50,000 customers who will need to engage further to receive support.
- 4.6. We expect Suppliers to be ready for delivery of Phase One by Q1 2026. We expect that suppliers will be able to deliver Phase One use existing systems (for example, the data matching systems used for identifying customer WHD eligibility). Use of MTB eligibility as a proxy for income and expenditure assessments will also reduce the need to scale up supplier operations in this area between now and early 2026.
- 4.7. Ofgem will assess supplier readiness for delivery before a launch of Phase One in early 2026. We will work to ensure that any readiness assessment is proportionate. Where suppliers fail to demonstrate readiness by a deadline set out in the statutory consultation, we expect that they will be ineligible to receive compensation for monies written off under the scheme. We will provide more detail on our expected delivery approach in the statutory consultation and will continue to engage with suppliers before then.

Supplier Readiness Assessments

- 4.8. As set out in our December 2024 consultation, DRS will be delivered by suppliers and overseen by Ofgem as regulator. All suppliers who currently participate in WHD will be obligated to participate in DRS, meaning that almost 100% of eligible domestic customers will potentially be able to receive DRS support. Only suppliers that are obligated under the DRS and who have successfully passed the readiness assessment will be eligible to claim for reimbursement.
- 4.9. We will assess the preparedness of suppliers to deliver the DRS to make an informed go/no-go decision and will take action against suppliers who are not ready at the expected time.
- 4.10. We expect that suppliers will be able to deliver the first phase using existing systems (for example, the data matching systems used for identifying customer

WHD eligibility). Our approach to ensuring supplier readiness for Phase One will reflect this.

- 4.11. However, we intend to work closely with suppliers leading up to the Phase One go-live through ongoing collaboration and engagement sessions.

Reporting and compliance

- 4.12. We will require suppliers to provide regular reporting on DRS. We will assess these reports to monitor delivery progress, identify areas of underperformance, and assess ongoing supplier compliance with the DRS license conditions. We will work with suppliers to ensure their reporting obligations under DRS, where possible, align with existing processes and are proportionate.

Assurance

- 4.13. Assurance work will be required throughout the lifetime of the Scheme, to inform supplier readiness and to ensure that the Scheme provides value for money for billpayers. We will procure, or will require suppliers to procure, appropriate assurance. We may also require suppliers to undertake self-assurance work and reporting to Ofgem, by requiring suppliers to provide evidence for Ofgem to complete assurance work, or by using third-party assurance providers.

- 4.14. We will work with suppliers and other stakeholders to ensure that any assurance requirements placed upon suppliers or other parties are proportionate.

4.15. Communications

- 4.16. We will develop a holistic approach to communicating DRS to customers and to drive engagement in the scheme. Our initial thinking is to tailor our communications approach to each of the two phases of DRS, with a broader outreach campaign accompanying Phase Two, and working with stakeholders (suppliers, Consumer Groups and Charities and Government stakeholders) to reach MTB recipients in Phase One. Whilst our communications strategy will aim to reach as many customers as possible, we recognise that DRS is likely to be complex for customers to understand, and the comms strategy will need to reflect the need to manage customer engagement and minimise speculative demand from customers.

- 4.17. We welcome input from stakeholders on how to promote DRS and its benefits to customers, and insight on how to reach disengaged customers.

5. Supplier reimbursement – methodology

- 5.1. If we are to require suppliers to write off consumer debt at customer account level, we need to ensure that they are reimbursed according to a suitable methodology for that 'loss' in asset value. The policy needs to account for the fact that the real value of the debt is lower than the face value of the debt, due to the fact that- as suppliers have recognised through provisioning- much of this debt is not recoverable and will not be paid. Previous consultations had described this as "the overlap" between the price cap Bad Debt Allowance in the price cap and the DRS.
- 5.2. We are moving away from describing this as The Overlap and instead want to set out the issue as two separate questions
 - 1. what is the real value of the debt to be written off which suppliers will be reimbursed for
 - 2. have the bad debt allowances in the price cap adequately covered the loss in value of debt for an efficient supplier
- 5.3. This paper, and the DRS, deals only with the first of those questions. Any shortfall or over recovery of bad debt allowances in the price cap should be covered in the Bad Debt True-Up process within the price cap.
- 5.4. This has the advantage of keeping the DRS relatively simple and time bound, and focusses the supplier reimbursement issue on the loss of asset value directly attributable to the DRS

Customer Contributions

- 5.5. In our policy consultation, we noted that customer repayments under a debt relief scheme reduce the overall cost of the scheme relative to the total debt written off. Customer repayments reduce overall cost of the scheme in two ways: debt payment displacement and engagement benefit.
- 5.6. Debt payment displacement occurs when customers continue to make repayments under existing plans, but those payments are redirected towards debt outside the scope of the DRS, as the eligible debt has already been written off by the scheme. Suppliers may still receive payments, but not for debt eligible under the DRS.
- 5.7. Engagement benefit recognises the value of encouraging customer to contribute towards their debt. A Customer Contribution of any portion of the eligible debt

can help reinforce positive payment behaviour towards their debt, which reduces the risk of bad debt in the future. This can also reduce the size of the scheme as customers are paying an amount towards their eligible debt.

- 5.8. Our modelling has assumed a value for Customer Contributions and debt repayment displacement of 5%. We welcome your views on this.
- 5.9. Building on the eligibility considerations outlined earlier in this paper, we now set out three options for how Customer Contributions and debt displacement could be accounted for when calculating supplier reimbursements. These are:
- a) Option One – Customer Contribution applies to all customer accounts. A portion of the total eligible debt amount is assumed to be paid for through Customer Contributions.
 - b) Option Two – Customer Contribution applies to customers eligible through the non-automatic route. Automatic route customers are assumed to make no contribution, whilst non-automatic route customers are assumed to make contribution towards a portion of the debt.
- 5.10. Option Three – No Customer Contributions at all. In this option, Customer Contributions are not considered when calculating supplier reimbursement.
- 5.11. Under option 1, a 5% Consumer Contribution (including debt payment displacement) applies to all customers eligible for the scheme. This would mean:
- 5.12. Net Supplier Reimbursement (previously known as “New Money”) is calculated as:
Total eligible debt – Supplier Provisioning rate - Customer Contributions.
- 5.13. For previously disengaged consumers, this aligns with the fact that suppliers are now receiving payments towards eligible debt that they would not have in the absence of the DRS. For engaged customers, suppliers continue to receive payments for debt outside the scope of the scheme from consumers who continue with their existing repayment arrangements. In both cases, there is a justification for a portion of the Net Supplier Reimbursement to be accounted for by Customer Contributions.
- 5.14. Under option 2, the 5% Consumer Contribution is applied only to customers on the non-automatic route. This reflects the fact that customers on the non-automatic route have been encouraged to make payments towards eligible debt and these repayments can be used to reduce the overall cost of the scheme, whilst those on the automatic route are already making payments toward their eligible debt through existing repayment plans which will have already reduced the total eligible debt and thus does not need to be accounted for. By focusing

contributions on non-automatic customers, the scheme encourages new engagement while maintaining fairness.

- 5.15. Under option 3, Customer Contribution is not considered when considering supplier reimbursement. This approach would lead to the highest direct scheme costs, since the gross support through the scheme would all be recovered from bill payers when suppliers claim for them. However, scheme benefits could still be captured further down the line. For example, a future true-up of the price cap debt allowance could account for the level of customer contributions, in effect offsetting (to a degree) future bad debt allowances.

Table 0-1 Exemplar figures. All examples assume £300,000,000 eligible debt & arrears and 300,000 eligible customers

Options	% of eligible customers contributing	Customer Contributions	Net Supplier Reimbursement via DRS
Option 1 – All Eligible Customers	100	£15,000,000	£85,000,000
Option 2 – Non-automatic Customers	33	£5,000,000	£95,000,000
Option 3 – No Customers	0	£0	£100,000,000

- 5.16. In the above table, all examples are if there was £300,000,000 total debt and 300,000 eligible customers. Under option 1, 5% of the total eligible debt is offset by Customer Contributions. The assumption is that this means each customer pays 5% of their total eligible debt. However, it may be the case that some customers pay more than 5%, and some less.
- 5.17. The £15,000,000 of Customer Contributions reduces the Net Supplier Reimbursement to £85,000,000. Under option 2, all non-automatic customers pay 5%, creating £5,000,000 of contributions which reduce the Net Supplier Reimbursement to £95,000,000. Under option 3, there are no Customer Contributions, leaving the Net Supplier Reimbursement at £100,000,000.

We welcome stakeholder views on:

- 1. Which of the three options is preferred?*
- 2. Whether 5% is a reasonable value for Customer Contributions (including debt displacement) or do you have an alternative methodology for assessing this value?*
- 3. What data does Ofgem need to help inform this decision?*

Reimbursement Methodology

- 5.18. This section sets out the proposed reimbursement methodology for phase one of the DRS. As we intend to explore alternative scheme design and reimbursement approaches for Phase Two, the proposals outlined here apply to Phase One only at this stage.
- 5.19. The expected value of customer debt appears on Supplier balance sheets as an asset. The DRS Phase One will provide an alternative means for supplier to be reimbursed for that value rather than collecting on (a portion of) the debt. Ofgem expects that suppliers will have already provisioned for a portion of the debt accrued during the eligible period, and that some of these costs have been recovered through the bad debt allowance in the price cap. In our policy consultation published in December 2024, we outlined this expectation and acknowledged the difficulty in accurately quantifying the level of prior recovery due to data limitations and the complexity of supplier accounting practices alongside the wide range of approaches to provisioning bad debt. Stakeholders, including 13 energy suppliers, broadly agreed that some funding for this debt has already been received, but highlighted the challenges in determining the appropriate methodology to reflect this.
- 5.20. Calculating the realisable value of this historic debt, and therefore the level of reimbursement appropriated, is not straightforward. We present 3 options below on which we would welcome stakeholder feedback. The key features of these are summarised in Table 0-2. All models assume 5% Customer Contribution.
1. A Notional Supplier model in which suppliers are reimbursed based on an industry-wide average provisioning rate, weighted by customer base and segmented by payment method and account type.
 2. A Supplier-by-Supplier Model in which each supplier is reimbursed based on their own audited provisioning rates, directly linking reimbursement to their commercial valuation of debt and expected revenue collection.

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3. A Hybrid model which combines elements of both approaches by applying a minimum provisioning threshold (56.7%) to avoid extreme values. Suppliers with lower provisioning rates are adjusted upward, while those above the threshold are unaffected.

Table 0-2 Summary of the three proposed reimbursement models

Summary of the three proposed reimbursement models

Model	Basis for reimbursement	Illustrative Effective reimbursement rate	Key Features
Notional Supplier	Industry weighted average provisioning rate	~20% for every supplier on average overall	Simple, standardised approach aligned with price cap methodology which reflects average market conditions
Supplier-by-supplier	Individual supplier's audited provisioning rate	Varies by supplier dependent on expected revenue collection	Directly ties reimbursement to suppliers' own commercial valuations and expected revenue collection
Hybrid	Individual supplier's audited provisioning rate, with minimum threshold	Varies by supplier, with a maximum of ~38%	Directly ties reimbursement to suppliers' own commercial valuations but maintains fairness by capping the reimbursement rate to avoid outliers

5.21. In Table 0-3 below, we present a high-level approach on how reimbursement is calculated. However, reimbursement would look different dependent upon the model selected, which is explained in greater detail below.

Table 0-3 Reimbursement breakdown

	Gross rate (%)	Applicable provisioning (%)	Consumer contribution (%)	Net reimbursement rate of eligible debt (%)
All suppliers	100	75	5	20

Notional supplier model

5.22. A notional supplier model would provide all suppliers with reimbursement based on a percentage of the face value of their eligible debt. This method takes supplier provisioning rates for debt in the eligible period, averages them weighted

by customer numbers, further weighting them according done according to payment method (Direct Debit, Standard Credit, Prepayment) and account type (Closed or Live), and. This amounts to an average weighted provisioning rate of approximately 75%, when considering all payment methods and account types. Factoring in the consumer contribution rate of 5%, this means suppliers will get approximately 20% of the nominal value of their eligible debt.

- 5.23. Table 0-3 gives an example to illustrate this. Consider two suppliers with Closed Standard Credit accounts: Supplier A provisions at 60%, Supplier B at 80%. A simple average would suggest an industry rate of 70%. However, if Supplier B has double the customer base of Supplier A, a weighted approach yields an industry provisioning rate of 75%, appropriately reflecting market realities. The latter is how the proposed notional supplier methodology operates.
- 5.24. We are aware of the complexity and variation in supplier provisioning methodologies. We are also aware that some suppliers have different provisioning methodologies and rates for different customer payment types. We are open to the option of producing a notional company model for each payment type to ensure that suppliers with non-standard mixes of customer payment types are not unduly advantaged or disadvantaged.

Table 0-4 A hypothetical example of two supplier provisioning rates for Closed Standard Credit customers and their total Standard Credit customer numbers

	Supplier A	Supplier B
Supplier Provisioning Rate (%)	60	80
Standard Credit Customer Number	1,000,000	3,000,000

- 5.25. A notional supplier approach could disadvantage suppliers who expect to recover a greater proportion of this eligible debt in the future than the average.

Supplier by supplier model

- 5.26. A supplier-by-supplier model looks at provisioning rates submitted by each individual supplier and reimburses each supplier based on their individual provisioning rates, provided they can demonstrate how these provision rates link back to their audited and published company accounts for the most recent year. For example, in Table 0-5, we can see each supplier would be eligible to receive a different maximum amount based on their individual provisioning rate.

Table 0-5 Supplier by supplier model

	Gross rate (%)	Provisioning rate in company accounts (%)	Customer Contribution (%)	Net reimbursement rate of eligible debt (%)
Supplier A	100	53	5	42
Supplier B	100	87	5	8

5.27. The logic of this method is that suppliers, through their audited and published company accounts, have placed a commercial value on this debt. If the DRS is to remove a supplier's ability to collect eligible debt, then reimbursement should be at the commercial value of the debt. This approach therefore links reimbursement directly to suppliers' revenue expectations. These differing revenue expectations would mean suppliers who forecasted lower recovery of debt are potentially disadvantaged by this approach, as they receive less compensation for equivalent eligible debt. This could potentially create a competitive distortion amongst different suppliers.

Hybrid model:

5.28. The hybrid model aims to overcome some of the limitations of the notional supplier and supplier by supplier model by placing a minimum on supplier provisioning of debt at 56.7%.

5.29. We arrive at this this figure by calculating the value of two standard deviations below the mean (75%) provisioning rate. This means that if a supplier's actual provisioning rate is lower than 56.7%, it will be adjusted upward to this threshold for the purposes of calculating reimbursement. This accommodates most suppliers' claims while avoiding outliers.

5.30. If implementing a hybrid model, it may be reasonable to create a separate supplier provision minimum, and therefore reimbursement rate maximum for each payment type. We would seek your feedback on this.

5.31. The hybrid approach reflects the fact that different suppliers have different expectations of debt recovery, but also ensures suppliers are not compensated far more than others for equivalent eligible debt.

5.32. For example, in Table 0-6, we see under the original approach of supplier-by-supplier provisioning, supplier A provisioned only 25% of their eligible debt.

Under the hybrid model, this is adjusted to 56.7%, meaning they can be reimbursed up to 38.3% of their eligible debt (factoring in Customer Contribution). Supplier B, with a higher provisioning rate of 90%, is unaffected by the ceiling and will be reimbursed 5 % of their eligible debt (factoring in Customer Contribution). Therefore, this approach reduces extreme disparities.

Table 0-6 Hybrid model

	Gross rate (%)	Actual provisioning rate in company accounts (%)	Minimum provisioning rate applied due to the hybrid model (%)	Customer Contributions (%)	Net reimbursement of eligible debt (%)
Supplier A	100	25	56.7 (ceiling applied)	5	38.3
Supplier B	100	90	90	5	5

5.33. However, this could still impact those suppliers who have conservative provisioning (a high provisioning rate) as they will receive less reimbursement than suppliers who have provisioned liberally (a low provisioning rate).

Recommendation

5.34. As part of Phase One, we recommend a Hybrid based on the provisioning data suppliers provide.

5.35. We believe this is the best approach as this is consistent with what suppliers have already written off and this reflects and accommodates the fact that different suppliers have a different ability to recover debt. It does however remove the extreme outliers and therefore provides some additional protections demonstrating the scheme provides Value for Money

5.36. Suppliers will be required to demonstrate that their provisioning rates and methodologies are consistent with those used in their audited accounts for the eligible period. They must also confirm that there have been no material changes to these methodologies since the publication of this working paper. We will require that these assurances, and applications made under the scheme, are accompanied by a signed statement from a named director or company officer.

We welcome stakeholder views on:

- 1. Preferred methodology for calculating reimbursement rate?*
- 2. Whether under a hybrid or supplier by supplier model we should set a single rate for each supplier, or a rate for each supplier by payment type*

6. Funding and supplier cost recovery process

- 6.1. After considering extensive feedback on the scheme funding approach and given the expected magnitude of the scheme, we consider that using network distribution charges to collect and distribute funds for a one-off debt relief scheme would be the most appropriate approach. This approach allows differential payments to suppliers, which means that a separate reconciliation mechanism would not be required under this option, lowering associated administrative costs of the scheme.
- 6.2. We propose that supplier claims would be paid out on a “pay when paid” basis, ie network companies would collect the funds for DRS under network charges but would only distribute funds to suppliers once that money had been collected.
- 6.3. We propose that networks would commence DRS payments from May 2027, after Ofgem has approved supplier DRS claims and issued decisions, in a similar way to how SOLR claims are approved and paid. Networks would recover DRS costs through higher network use of system charges from charging year 2027/28, with DNOs in December 2025 setting 2027/28 tariffs based upon a forecast of future DRS costs. Any scheme costs recovered through network charges would be reflected in the price cap, and other tariffs, and ultimately be paid for by domestic customers. As per the SOLR approach, payments to suppliers would be made by RIIO networks. Independent electricity distribution networks would be subject to a higher ‘All The Way’ charge from electricity DNO, and shippers to IGT domestic customers would be subject to a DRS charge. Under this approach, Ofgem would have an obligation to ensure that network companies are able to finance their activities accordingly. We include our draft network licence condition changes in an annex.
- 6.4. We have considered a longer recovery period (i.e. 2-3 years) but we are minded to proceed with a 1-year payment and recovery period, given the expected magnitude of the scheme and the extra financing costs associated with deferred payments to suppliers. We could reasonably expect any reduced debt provisions

for suppliers and/or behavioural impact from customers supported by the scheme to endure for this period, partially offsetting the network charge recovery cost.

- 6.5 As per SOLR cost recovery, we propose to recover DRS costs from domestic customers, and via Standing Charges for electricity customers and volume charges for gas customers. Gas and electricity code modifications would be necessary to recover DRS costs. Due to the sensitivity of this scheme, we request that relevant parties begin work on code modifications to support implementation.

We welcome stakeholder views on:

1. *Is Pay When Paid with Third Party Assignment Rights the appropriate methodology for reimbursing suppliers, given*

Claims

- 6.6. Suppliers will be able to claim for reimbursement under DRS. Our methodology for calculating reimbursement is set out above.
- 6.7. Suppliers will assess the value of their claim and submit it to Ofgem, supported by appropriate evidence. These claims will be assessed and approved as appropriate. Suppliers may present their validated claims to the relevant network operators for recovery through network distribution charges as set out above. The process used for assessing and approving supplier claims will be similar in form to that used for suppliers to recover costs of Supplier of Last Resort (SoLR) appointment, although the substance of the claims will differ. Our early expectation is that DRS claims will be processed and paid on a shorter timescale than SoLR claims, to reflect fewer types of allowable expense.
- 6.8. As set out above, suppliers would be paid by Networks from May 2027, with Networks recovering these costs through higher USoS charges. We plan to explore whether these payments under the scheme can have Third Party Assignment rights. These could enable suppliers with approved claims to release cashflow ahead of recovery via networks. As with SoLR, we also expect that suppliers may submit multiple claims through the life of the scheme, which may mean that recovery extends beyond the 2027 charging year.
- 6.9. Only suppliers that are obligated under the DRS and who have successfully passed the readiness assessment will be eligible to make a claim. We expect that

the same approach to paying supplier claims will be adopted in Phase One and Two, although the range of allowable expenses in each phase may differ⁷.

Appendix 1: Expected timelines for delivery

Milestone	Timeline
Licence drafting workshops	Summer 2025
Publication of DRS Phase 1 statutory consultation	Autumn 2025
Ofgem communication of responsibilities to suppliers	Autumn 2025 (Post publication of DRS statutory consultation)
Publication of DRS Phase 1 Decision	Winter 2025
Deadline for submission of Supplier Readiness Assessment	Winter 2025
DWP Data Matching legislation comes into force (Digital Economy Act 2017)	December 2025-January 2026
Phase 1 SLCs come into force	January 2026
Phase 1 Go Live	Q1 2026
Phase 2 Go Live	Summer 2026
Phase 1 and Phase 2 close to applications	Q1 2027
Wind-up period	Early 2027-Mid 2027

8. Appendix 2: Draft Supply SLCs

Annex 2 – Draft Electricity Supply and Gas Supply License Conditions

Please note that some scheme definitions have been deliberately left blank while we continue to engage with stakeholders on timelines for scheme delivery. These SLCs are subject to change and are in a draft stage. Stakeholder input will support the final drafting of The SLCs for our statutory consultation.

ELECTRICITY SUPPLY – SLC

Condition 24B: Debt Relief Scheme

Application of this condition

24B.1) This condition applies where the licensee is a compulsory scheme electricity supplier under the Warm Home Discount Regulations 2011 (SI 2011/1033) (as amended from time to time).

24B.2) This condition shall apply until the DRS End Date unless the Authority specifies otherwise by publishing a statement in writing.

Guidance

24B.3) The licensee must have regard to any guidance on this condition (including in respect of definitions which appear in standard condition 1) which, following consultation, the Authority has issued, may issue, and may from time-to-time revise following further consultation.

Duty to offer enquiry service

24B.4) Between the DRS Phase 1 Start Date and DRS Application End Date, the licensee must provide, or procure the provision of, an enquiry service that enables Phase 1 Customers to contact the licensee about the Debt Relief Scheme.

Duty to close scheme to new applications on DRS Application End Date

24B.5) The licensee must not consider new applications to the Debt Relief Scheme from Phase 1 Customers after the DRS Application End Date.

Duty to apply DRS Credit

24B.6) Between the DRS Phase 1 Start Date and DRS End Date, the licensee must issue a DRS Credit to each of its Phase 1 Customers who fulfil the Phase 1 Engagement Condition.

24B.7) The licensee must take all reasonable steps to confirm the Phase 1 Customer is eligible and has fulfilled the Phase 1 Engagement Condition before issuing a DRS Write-off.

24B.8) When a Phase 1 Customer has fulfilled the Phase 1 Engagement Condition, the licensee must issue a DRS Credit within 30 days.

24B.9) When the licensee has issued a DRS Credit, the licensee must specify on the Phase 1 Customer's next bill or statement of account (or otherwise notify the Phase 1

Customer in writing) that they have been provided with a 'Debt Relief Scheme Write-Off' and specify the value, in pounds sterling, of the DRS Credit provided.

Duty to offer services to complete the Phase 1 Engagement Condition

24B.10) Where a Phase 1 Customer who has not fulfilled the Phase 1 Engagement Condition contacts the licensee about the Debt Relief Scheme, the licensee must offer the Phase 1 Customer services as outlined in the scheme guidance.

24B.11) The licensee must have regard to which services outlined in the scheme guidance are most appropriate to the circumstances of the Phase 1 Customer.

24B.12) When the Phase 1 Customer has completed, agreed to and received services as outlined in the scheme guidance, the licensee must consider the Phase 1 Customer as having fulfilled the DRS Phase 1 Engagement Condition. The licensee must then issue a DRS credit as outlined in paragraph 24B.7.

Duty to identify DRS Eligible Debt

24B.13) The licensee must identify Domestic Customers who have equal to or more than £100.00 of DRS Eligible Debt.

24B.14) Licensees will collaborate with the Department of Work and Pensions (DWP) to ascertain eligible consumers for Phase 1. Eligible Debt data held by suppliers will be used in collaboration with Warm Home Discount data and Means Tested Benefits data provided by DWP following amendments to the S36 of the Digital Economy Act 2017. Licensees should refer to the Authority's Delivery Guidance when delivering this process.

24B.15) Prior to the DRS Start Date, the licensee must provide the Authority with a statement which provides:

- a) The total number of Domestic Customers who have equal to or more than £100.00 of DRS Eligible Debt.
- b) The total amount, in pounds sterling, of DRS Eligible Debt held by the Domestic Customers who have equal to or more than £100.00 of DRS Eligible Debt.
- c) The total number of Phase 1 eligible Customers (dependent on the amendments to the Digital Economy Act 2017).
- d) The total amount, in pounds sterling, of the DRS Eligible Debt held by Phase 1 Customers.

DRS Phase 1 Readiness Assessment

24B.16) Prior to the DRS Phase 1 Start Date, the licensee must provide the Authority with a DRS Phase 1 Readiness Assessment.

24B.17) The Authority must approve a DRS Phase 1 Readiness Assessment submitted by the licensee in order for the licensee to be eligible to make a DRS Payment Claim

Duty to provide customers with information about DRS

24B.18) Between the DRS Phase 1 Start Date and DRS Customer Close Date, the licensee must take all reasonable steps to contact Phase 1 Customers with:

- A) Information about their eligibility
- B) Information about how to engage with the scheme
- C) Information about the DRS Phase 1 Engagement Condition

Duty to adhere to reporting, assurance, and audit requirements

24B.19) The licensee must comply with reporting, assurance, and auditing requirements to demonstrate compliance with this condition.

Making a claim for DRS Payment

24B.20) If the Licensee has received the Authority's consent under paragraph 24B.17 it may make a claim for a DRS Payment.

Process for claiming DRS Payment

24B.21) If the licensee intends to make a claim for DRS Payment [from each Relevant Distributor], it must:

- (a) give notice to the Authority of its claim;
- (b) be eligible under paragraph 24B.17 ; and

(c) give the Authority a calculation of the amount claimed with information to support that calculation, no later than a date notified to it by the Authority.

24B.22) The total amount of the claim for DRS Payment (for this condition only, "the relevant amount") to be claimed by the licensee must not exceed the amount determined by the supplier reimbursement methodology set out in the scheme guidance.

24B.23) If the Authority considers it appropriate in all the circumstances of the case for the licensee to make the claim notified to it, in accordance with paragraph 24B.21, the Authority will give its consent to the Licensee.

24B.24) The Authority may determine that an amount other than the one calculated by the Licensee is a more accurate calculation of the relevant amount.

24B.25) If the Authority makes a determination under paragraph 24B.24, the amount specified by it must be treated as the relevant amount for the purpose of paragraph 24B.22.

Dispute Resolution Process

24B.26) If the licensee disputes the relevant amount determined under paragraph 24B.24 then they will follow a dispute process set out in the Guidance where the Licensee can provide further evidence. The Authority will make the final determination on the relevant amount.

Transfer of rights in relation to and arising from valid DRS claims

24B.27) The licensee may assign or dispose of all or any of its rights under the licence or otherwise in relation to or arising from a valid DRS claim and/or the relevant amount provided that the licensee has obtained the Authority's prior written consent to the

proposed assignment or disposal, including and the identity of the person to whom the assignment is made (such consent to be consistent with any guidance or policy statement published for the purposes of this condition or the assignment or disposal of rights in relation to or arising from valid DRS claims).

Submissions to Relevant Distributors

24B.28) A claim for DRS Payment by the licensee from each Relevant Distributor referred to in paragraph 24B.21 must specify:

- (a) the relevant amount to be paid by that Relevant Distributor;
- (b) the account(s) into which the relevant amount should be paid; and
- (c) the period over which the relevant amount should be paid;

24B.29) A claim for DRS Payment will lapse if the licensee does submit the approved claim to the Relevant Distributor within a period notified by the Authority as set out in the approved claim.

Definitions for condition

24B.30) For the purposes of this condition:

"DRS Application End Date" means X.

"DRS Credit" means a full write-off of DRS Eligible Debt applied by licensees to the account of Phase 1 and Phase 2 customers.

"DRS Eligible Debt" means the total increase in Outstanding Charges, as defined in Standard Condition 1, which are due to the licensee from a Domestic Customer based on the Domestic Customer's billed usage between 1st April 2022 and 31st March 2024, as calculated on X [the statutory consultation publication date.]

"DRS End Date" means X. This is the date on which the scheme is officially considered to be concluded.

"DRS Engagement End Date" means X. This is the final date by which applicants to the scheme must have fulfilled the Phase 1 Engagement Condition to be eligible for a DRS Credit.

"DRS Payment" means a sum of money payable to the licensee or any DRSP Permitted Assignee to compensate for additional costs associated with the Debt Relief Scheme, as outlined in the supplier reimbursement methodology.

"DRSP Permitted Assignee" means a person to whom the Authority has consented to the licensee has assigning or otherwise disposing of all or any of its rights in relation to or arising from a Debt Relief Support Payment pursuant to Condition 24B (Debt Relief Scheme), with the Authority's consent

"DRS Phase 1 Start Date" means X. This is the date in which the scheme will open to applications from Phase 1 Customers.

"DRS Phase 1 Readiness Assessment" means the DRS Readiness Assessment process defined in the DRS Guidance.

"Phase 1 Customer" means a Domestic Customer with equal to or more than £100 of DRS Eligible Debt who is identified as eligible by the Department for Work and Pensions.

“Phase 1 Engagement Condition” means the engagement condition for Domestic Customers to access the scheme as outlined by the Authority/in the DRS Guidance.

GAS SUPPLY – SLC

Condition 24B: Debt Relief Scheme

Application of this condition

24B.1) This condition applies where the licensee is attached to a compulsory scheme electricity supplier under the Warm Home Discount Regulations 2011 (SI 2011/1033) (as amended from time to time).

24B.2) This condition shall apply until the DRS End Date unless the Authority specifies otherwise by publishing a statement in writing.

Guidance

24B.3) The licensee must have regard to any guidance on this condition (including in respect of definitions which appear in standard condition 1) which, following consultation, the Authority has issued, may issue, and may from time-to-time revise following further consultation.

Duty to offer enquiry service

24B.4) Between the DRS Phase 1 Start Date and DRS Application End Date, the licensee must provide, or procure the provision of, an enquiry service that enables Phase 1 Customers to contact the licensee about the Debt Relief Scheme.

Duty to close scheme to new applications on DRS Application End Date

24B.5) The licensee must not consider new applications to the Debt Relief Scheme from Phase 1 Customers after the DRS Application End Date.

Duty to apply DRS Credit

24B.6) Between the DRS Phase 1 Start Date and DRS Engagement End Date, the licensee must issue a DRS Credit to each of its Phase 1 Customers who fulfil the Phase 1 Engagement Condition.

24B.7) The licensee must take all reasonable steps to confirm the Phase 1 Customer is eligible and has fulfilled the Phase 1 Engagement Condition before issuing a DRS Credit.

24B.8) When a Phase 1 Customer has fulfilled the Phase 1 Engagement Condition, the licensee must issue a DRS Credit within 30 days.

24B.9) When the licensee has issued a DRS Credit, the licensee must specify on the Phase 1 Customer's next bill or statement of account (or otherwise notify the Phase 1 Customer in writing) that they have been provided with a 'Debt Relief Scheme Write-Off' and specify the value, in pounds sterling, of the DRS Credit provided.

Duty to offer services to complete the Phase 1 Engagement Condition

24B.10) Where a Phase 1 Customer who has not fulfilled the Phase 1 Engagement Condition contacts the licensee about the Debt Relief Scheme, the licensee must offer the Phase 1 Customer services as outlined in the scheme guidance.

24B.11) The licensee must have regard to which services outlined in the scheme guidance are most appropriate to the circumstances of the Phase 1 Customer.

24B.12) When the Phase 1 Customer has completed agreed to and received services as outlined in the scheme guidance, the licensee must consider the Phase 1 Customer as having fulfilled the DRS Phase 1 Engagement Condition. The licensee must then issue a DRS credit as outlined in paragraph 24B.7.

Duty to identify DRS Eligible Debt

24B.13) The licensee must identify Domestic Customers who have equal to or more than £100.00 of DRS Eligible Debt.

24B.14) The licensee must provide information regarding Domestic Customers who have equal to or more than £100.00 of DRS Eligible Debt to the Department for Work and Pensions. The Department for Work and Pensions will notify the licensee which Domestic Customers are in receipt of a means-tested benefit and are therefore eligible to be Phase 1 Customers.

24B.15) Prior to the DRS Start Date, the licensee must provide the Authority with a statement which provides:

- a) The total number of Domestic Customers who have equal to or more than £100.00 of DRS Eligible Debt.
- b) The total amount, in pounds sterling, of DRS Eligible Debt held by the Domestic Customers who have equal to or more than £100.00 of DRS Eligible Debt.
- c) The total number of Phase 1 Customers.
- d) The total amount, in pounds sterling, of the DRS Eligible Debt held by Phase 1 Customers.

DRS Phase 1 Readiness Assessment

24B.16) Prior to the DRS Phase 1 Start Date, the licensee must provide the Authority with a DRS Phase 1 Readiness Assessment.

24B.17) The Authority must approve a DRS Phase 1 Readiness Assessment submitted by the licensee in order for the licensee to be eligible to make a DRS Payment Claim.

Duty to provide customers with information about DRS

24B.18) Between the DRS Phase 1 Start Date and DRS Customer Close Date, the licensee must take all reasonable steps to contact Phase 1 Customers with:

- D) Information about their eligibility
- E) Information about how to engage with the scheme
- F) Information about the DRS Phase 1 Engagement Condition

Duty to adhere to reporting, assurance, and audit requirements

24B.19) The licensee must comply with reporting, assurance, and auditing requirements to demonstrate compliance with this condition.

Making a claim for DRS Payment

24B.20) If the Licensee has received the Authority's consent under paragraph 24B.17 it may make a claim for a DRS Payment.

Process for claiming DRS Payment

24B.21) If the licensee intends to make a claim for DRS Payment, from each Relevant Gas Transporter, it must:

- (a) give notice to the Authority of its claim;
- (b) be eligible under paragraph 24B.17; and
- (c) give the Authority a calculation of the amount claimed with information to support that calculation, no later than a date notified to it by the Authority.

24B.22) The total amount of the claim for DRS Payment (for this condition only, "the relevant amount") to be claimed by the licensee must not exceed the amount determined by the supplier reimbursement methodology set out in the scheme guidance.

24B.23) If the Authority considers it appropriate in all the circumstances of the case for the licensee to make the claim notified to it, in accordance with paragraph 24B.21, the Authority will give its consent to the Licensee.

24B.24) The Authority may determine that an amount other than the one calculated by the Licensee is a more accurate calculation of the relevant amount.

24B.25) If the Authority makes a determination under paragraph 24B.24, the amount specified by it must be treated as the relevant amount for the purpose of paragraph 24B.22.

Dispute Resolution Process

24B.26) If the licensee disputes the relevant amount determined under paragraph 24B.24 then they will follow a dispute process set out in the Guidance where the Licensee can provide further evidence. The Authority will make the final determination on the relevant amount.

Transfer of rights in relation to and arising from valid DRS claims

24B.27) The licensee may assign or dispose of all or any of its rights under the licence or otherwise in relation to or arising from a valid DRS claim and/or the relevant amount provided that the licensee has obtained the Authority's prior written consent to the proposed assignment or disposal, including and the identity of the person to whom the assignment is made (such consent to be consistent with any guidance or policy statement published for the purposes of this condition or the assignment or disposal of rights in relation to or arising from valid DRS claims).

Submissions to Relevant Gas Transporter

24B.28) A claim for DRS Payment by the licensee from each Relevant Gas Transporter referred to in paragraph 24B.21 must specify:

- (a) the relevant amount to be paid by that Relevant Gas Transporter;
- (b) the account(s) into which the relevant amount should be paid; and
- (c) the period over which the relevant amount should be paid;

24B.29) A claim for DRS Payment will lapse if the licensee does submit the approved claim to the Relevant Gas Transporter within a period notified by the Authority as set out in the approved claim.

Definitions for condition

24B.30) For the purposes of this condition:

"DRS Application End Date" means X.

"DRS Credit" means a full write-off of DRS Eligible Debt applied by licensees to the account of Phase 1 and Phase 2 customers.

"DRS Eligible Debt" means the total increase in Outstanding Charges, as defined in Standard Condition 1, which are due to the licensee from a Domestic Customer based on the Domestic Customer's billed usage between 1st April 2022 and 31st March 2024, as calculated on X (the statutory consultation publication date.)

"DRS End Date" means X. This is the date on which the scheme is officially considered to be concluded.

"DRS Engagement End Date" means X. This is the final date by which applicants to the scheme must have fulfilled the Phase 1 Engagement Condition to be eligible for a DRS Credit.

"DRS Payment" means a sum of money payable to the licensee or any DRSP Permitted Assignee to compensate for additional costs associated with the Debt Relief Scheme, as outlined in the supplier reimbursement methodology.

"DRSP Permitted Assignee" means a person to whom the Authority has consented to the licensee has assigning or otherwise disposing of all or any of its rights in relation to or arising from a Debt Relief Support Payment pursuant to Condition 24B (Debt Relief Scheme), with the Authority's consent

"DRS Phase 1 Start Date" means X. This is the date in which the scheme will open to applications from Phase 1 Customers.

"DRS Phase 1 Readiness Assessment" means the DRS Readiness Assessment process defined in the DRS Guidance.

"Phase 1 Customer" means a Domestic Customer with equal to or more than £100 of DRS Eligible Debt who is identified as eligible by the Department for Work and Pensions.

"Phase 1 Engagement Condition" means the engagement condition for Domestic Customers to access the scheme as outlined by the Authority/in the DRS Guidance.