

To: All holders of an electricity distribution licence
Electricity Act 1989
Section 11A(1)(b)

Modification of the standard conditions of all electricity distribution licences

1. Each of the licensees to whom this document is addressed has a distribution licence which has been granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 (the Act).
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 19 September 2024 ('the Notice') that we propose to modify standard conditions 38B (Last Resort Supply Payment Claims), B.2, and inserting Part D, Recovery of Last Resort Supply Claims from a Former Electricity Supplier, 38D.1, E.1 and 7D. We stated that any representations to the modification proposal must be made on or before 18 October 2024.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received 27 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out in the accompanying decision.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown [in yellow highlight] in the attached Schedule 1. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in Schedule 1 are to correct minor typographical errors, and address minor issues as well as to respond to corrections raised in consultation responses.
6. We are making these licence changes to:

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

- Implement the Supplier of Last Resort (SoLR) Levy Offset. The SoLR Levy Offset has been developed in response to the significant impacts on consumers of supplier failures after a number of failures in winter 2021. The primary intended effect of this proposed addition is to reduce the mutualised costs associated with supplier failure.
- To make sure that where any adjustment is made to a SoLR's Valid Claim, under the 'multi-claims' process, the LRSP amount to be paid by (or due to) the network from the SoLR is correspondingly adjusted in the relevant year. Under the multi-claims process, SoLRs can submit more than one LRSP claim for the costs incurred relating to a failed supplier.

7. The effect of the modifications is as described in the Notice².

8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules³ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(b) of the Act, we hereby modify the standard licence conditions for all electricity distribution licences in the manner specified in attached Schedule 1. This decision will take effect from 1 October 2025.

This document is notice of the reasons for the decision to modify the electricity distribution licences as required by section 49A(2) of the Act.

David Hall, Deputy Director of Financial Resilience and Controls
Duly authorised on behalf of the Gas and Electricity Markets Authority
 5 August 2025

² Available here: [SoLR Levy Offset Statutory Consultation | Ofgem](#)

³ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Schedule 1

Condition 38B. Last Resort Supply Payment claims

Introduction

38B.1 This condition sets out the circumstances in which the licensee must pay a Claimant a Last Resort Supply Payment.

Part A: Requirement to make a Last Resort Supply Payment

38B.2 Where the licensee receives a Valid Claim, the licensee must make a Last Resort Supply Payment in the Relevant Year in accordance with the Valid Claim or, where any Valid Claim is adjusted by the Authority before a Last Resort Supply Payment has been made in respect of it, the licensee must make the Last Resort Supply Payment in accordance with the adjusted Valid Claim.

Part D Recovery of Last Resort Supply Payment Claims from a Former Electricity Supplier

38B.9 Unless the Authority directs otherwise, the licensee must take all reasonable steps to recover sums due to it under an undertaking given by an Electricity Supplier to the licensee under standard condition 9A (Undertakings to Licensed Distributors in relation to Last Resort Supply Payments) of the Electricity Supply Licence.

38B.10 The licensee may adjust Use of System Charges to recover any costs reasonably incurred in fulfilling its obligations under paragraph 38B.9, subject to the following provisions:

(a) Should the costs incurred be anticipated to exceed the sums expected to be recovered, the licensee must seek guidance from the Authority.

(b) The licensee must submit a statement to the Authority, in a form acceptable to the Authority, providing an account of the costs incurred.

38B.11 The licensee must have regard to such guidance as the Authority may, from time to time, publish about the obligation at paragraphs 38B.9 of this condition.

Schedule 2

List of the relevant licence holders in relation to this modification are listed at:

[List of all electricity licensees including suppliers | Ofgem](#)