

To: All holders of a gas supply licence

**Gas Act 1986
Section 23(1)(b)**

Modification of the standard conditions of all gas supply licences

1. Each of the licensees to whom this document is addressed has a supply licence which has been granted or treated as granted under section 7A(1) of the Gas Act 1986 ('the Act').
2. Under section 23(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 condition 9 (Claims for Last Resort Supply Payment) 9.1, 9.4(d) and 9.5, and adding 9.7ZA, and condition 9, 9A.1. 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 23(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 at 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:
 - 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.
 - Formalise existing LRSP processes as well as to i) take into account any sums recovered by a SoLR from the insolvency process, ii) in order to make a procedure for making multiple claims (the 'multi-claims process') permanent, and iii) to ensure that reconciliation of claims takes place.
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 23B of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules³

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

² [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

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 23(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers contained in section 23(1)(b) of the Act, we hereby modify the standard licence conditions for all gas supply 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 gas supply licences as required by section 38A 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

Schedule 1

Condition 9. Claims for Last Resort Supply Payment

Ability to make claim

9.1 If the licensee has received the Authority's consent under paragraph 9.5, it may make a one or more claim~~s~~ for a Last Resort Supply Payment, under standard condition 48 (Last Resort Supply Payment Claims) or standard special condition A48 (Last Resort Supply: Payment Claims) of the Gas Transporter Licence, from each Relevant Gas Transporter.

Process for making claim

9.4 The total amount of the Last Resort Supply Payment (for this condition only, "the relevant amount") to be claimed by the licensee must not exceed the amount by which the total of:

(a) the total costs (including interest on working capital) reasonably incurred by the licensee in supplying gas to premises under the Last Resort Supply Direction and a reasonable profit,
plus

(b) any sums paid or debts assumed by the licensee to compensate any Customer in respect of any Customer Credit Balances,
plus

~~(b)(c)~~ any additional (actual or anticipated) interest and finance costs (including fees, costs and expenses incurred in arranging such financing) associated with an arrangement approved in accordance with paragraph 9.7C, are
is greater than:

(d) the total amounts recovered by the licensee:

(i) through Charges for the Supply of Gas to premises under the Last Resort Supply Direction (after taking all reasonable steps to recover such Charges);
plus

(ii) from the other supplier (either in respect of any sum or debt referred to at sub-paragraph 9.4(b) or any other sums owed by the other supplier to the licensee) together with interest on such sums; and

(iii) from any Valid Claim already made by the licensee.

9.5 If the Authority considers it appropriate in all the circumstances of the case for the licensee to make ~~the~~ a claim notified to it in accordance with paragraph 9.3, the Authority will give its consent to the licensee.

Reconciliation of Claims

9.7ZA After the licensee has made at least one Valid Claim,

(a) if the accumulated amount of Valid Claims made by the licensee exceeds the total amount that the licensee is entitled to claim under 9.4:

(i) the Authority may amend the consent given under paragraph 9.5;

(ii) the Valid Claim to which the consent relates will be deemed to be adjusted accordingly; and

(iii) sub-paragraph 9.6(a) will apply,

and

(b) if, at any time, Last Resort Supply Payments made to the licensee exceed the total amount that the licensee is entitled to claim under paragraph 9.4 the licensee must pay any such excess to the Gas Transporters in such manner as the Authority directs,

and

(c) if the licensee becomes aware that the accumulated amount of Valid Claims made by the licensee exceed the total amount that the licensee is entitled to claim under paragraph 9.4, the licensee must as soon as reasonably practicable, give notice to the Authority of the excess;

(d) if any of sub-paragraphs 9.7ZA(a) to (c) apply, the licensee must provide to the Authority as soon as reasonably practicable:

(i) a calculation of each of the amounts in sub-paragraphs 9.4(a) to (d) showing any variation in such amounts from those included in the Valid Claim,

(ii) details of Last Resort Supply Payments received,

(iii) such information and documentation as the Authority reasonably requires to give an amended consent under sub-paragraph 9.7ZA(a) and/or a direction under sub-paragraph 9.7ZA(b).

(e) notwithstanding sub-paragraphs 9.7ZA(a) to (d), the licensee must provide to the Authority a calculation of each of the amounts in sub-paragraphs 9.4(a) to (d) with information to support that calculation no later than a date (which may be more than one

date) notified to it by the Authority and, in any event, no later than five years after the date on which the Last Resort Supply Direction to which the claim relates stops having effect.

Condition 9A. Undertakings to Gas Transporters in relation to Last Resort Supply Payments.

9A.1

(a) The Licensee must give to each Relevant Gas Transporter an undertaking to pay to the Relevant Gas Transporter the amount of any Last Resort Supply Payment claim made to that Relevant Gas Transporter from a licensee, and provide to the Authority as soon as reasonably practicable a certified copy of each such undertaking.

(b) The amount of any Last Resort Supply Payment claim referred to in sub-paragraph 9A.1(a) must not include amounts in the claim relating to Customer Credit Balances.

(c) The undertaking mentioned in sub-paragraph 9A.1(a) must be conditional upon a Last Resort Supply Direction being given in respect of the licensee's Customers' premises.

(d) The undertaking mentioned in sub-paragraph 9A.1(a) must be in Writing and in a form acceptable to the Authority (including any form, or replacement form, published by the Authority from time to time)

(e) In this condition Customer Credit Balance has the meaning given in paragraph 10 of standard condition 9 (Last Resort Supply Payment)

Schedule 2

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

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