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29th August 2025

Wales & West Utilities (WWU) response to Ofgem Policy update working paper on Debt Relief Scheme

Dear Andrew,

Thank you for the opportunity to respond to this consultation. WWU is a gas transporter and a regional gas distribution network ("GDN"), serving 2.6 million supply points in Wales and south-west England. This response is not confidential and may be published.

We welcome Ofgem's proposal to implement a "Pay when Paid" model on the same basis as the arrangements for Supplier of Last Resort (SoLR) and appreciate Ofgem taking account of the collective views of networks on this vital point.

Many of the questions in the working paper relate to eligibility and are therefore not directly relevant to WWU. We have not responded to those questions and have limited our response to points that directly concern us.

Is Pay When Paid with Third Party Assignment Rights the appropriate methodology for reimbursing suppliers?

We strongly support a Pay when Paid methodology and have consistently made this point in bilateral meetings. Any alternative approach that required network funding would pose significant and potentially insurmountable difficulties related to financing, accounting and tax. While we would have preferred this issue which is a retail matter being managed in the retail sector, if networks have to be involved, a Pay when Paid methodology is the only viable option.

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Other points

Claim deadline date

The existing SoLR arrangements require claims to be submitted to Gas Distribution Networks (GDNs) by 31st December. For GDNs this puts substantial pressure on resources as we have to publish our final pricing notices in January. It must also put pressure on Ofgem who have to be process claims over the Christmas period. The deadline date was temporarily moved to 31st December and was introduced to facilitate the processing of SoLR claims, following unprecedented supplier failures in 2021, to be recovered through network charges in 22/23; previously it was 31st October. The introduction of the Debt Relief Scheme adds another process, and the date of 31st December is not supportable. Our strong preference is for the claim deadline date for both the Debt Relief Scheme and the SoLR claims to revert to 31st October but would accept 30th November as a compromise position.

Submission tranches

We recognise that the scheme will have more than one tranche of customers who are eligible for the scheme and Suppliers will need to assess these. The proposal is that those on means tested benefits will be assessed by the end of Q1 2026 and those not on means tested benefits later in 2026. We recognise that Suppliers may wish to submit claims to Ofgem for approval as and when they have assessed a tranche. We would prefer to have only one claim from each Supplier.

We recognise that the scheme may result in claims that are paid by networks to Suppliers in both 27/28 and 28/29 as Suppliers identify eligible customers after the initial target dates.

End date of scheme

Ofgem has consistently stated that this scheme is a one off. We therefore encourage Ofgem to send a strong signal that this is the case by writing a date in the Supplier and Network licences that is the latest date that approved claims may be submitted by Suppliers to Networks. Making this date a date that can only be changed by a statutory consultation makes it harder to change and therefore signals Ofgem's decision that it is a one-off scheme. Our view is that having a date that could be changed by a direction from Ofgem would be seen as Ofgem leaving themselves the option of having a second scheme at a later date.

Title

We think that calling the scheme Debt Relief Scheme with the acronym DRS is likely to lead to confusion over time. In network licences DRS means Directly Remunerated Services (previously more accurately named Excluded Services) and this has itself caused confusion as in the GD1 licence DRS meant Discretionary Reward Scheme. The impact of this reuse of an acronym between GD1 and GD2 is still an issue today.

Detailed licence drafting points

Some of the above points need reflecting in the licence drafting; however, we are not suggesting specific wording, though we are happy to cooperate with Ofgem on this if requested.

Gas Distribution Licence

Special Condition 6

6.1.3 the formula has BDt which is not in the GD3 licence drafting (or existing GD2 licence) but omits SLRt that is proposed for the GD3 licence. Further changes this condition are being proposed as a result of the new SLRt term and we urge Ofgem to ensure that where appropriate the changes are consistent for SOLR and the debt relief proposals.

In the definition it should refer to DRDPt not DRSP.

Condition 52

This should be a Standard Special Condition, we suggest that A49 is logical as SoLR is SSC A48.

We note that unlike SSC A48 there is no obligation to true up any income recovered against the claims. The stated intention is to recover from domestic customers so Ofgem may want to require transporters to demonstrate that this is the case, this would be consistent with the SoLR arrangements.

Standard Special Condition A48

We propose that the date in the definition of “relevant year” is changed from 31st December to the date determined for the proposed licence condition for the Debt Relief Scheme, being either the preferred date of 31st October, or alternatively 30th November.

We realise that A48 is not discussed as part of this working paper but suggest that it is a necessary consequential amendment to ensure that similar provisions in the licence operate in the same way.

Yours sincerely



Richard Pomroy
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Wales & West Utilities