

Delivery Guidance – Debt Relief Scheme

Publication date: 06 November 2025

Contact: Dr Amy O'Mahoney

Team: Retail Pricing and Systems

Email: debtconsultations@ofgem.gov.uk

This guidance is for suppliers and consumer groups and charities (CGCs). It describes how Ofgem administers the Debt Relief Scheme (DRS) and how suppliers and CGCs can remain compliant with the scheme requirements.

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About this guidance

The DRS Delivery Guidance provides guidance on how Ofgem ('we', 'our' and 'us' in this document) will administer Phase 1 of the DRS and sets out the requirements the scheme places on all obligated suppliers. It covers the following:

- Identifying eligible customers, including what engagement criteria must be met, and how they should receive support;
- How a supplier meets its obligations;
- How a supplier submits a claim;
- Monitoring and auditing; and
- Compliance and counter-fraud.

This guidance is published alongside our November 2025 DRS Statutory Consultation in draft form. We invite suppliers to review the guidance and to provide comments on how we can make it as useful as possible to aid delivery of the DRS.

We propose to engage widely with suppliers to refine the Delivery Guidance in order to provide as much clarity as possible ahead of DRS launch.

Contacts

If you would like to contact us, [visit the Debt Strategy: next steps contacts page](#).

Relevant Standard Licence Conditions

Please see the Statutory Consultation published alongside this document for the draft Standard Licence Conditions.

Consultations and relevant links

[Debt Strategy: a 'reset' and 'reform' for customers in debt | Ofgem](#)

[Resetting the energy debt landscape: the case for a debt relief scheme | Ofgem](#)

[Debt Strategy: next steps | Ofgem](#)

[Debt Relief Scheme: Statutory Consultation | Ofgem](#)

[Debt Strategy Update: a “reset” and “reform” for customers in Debt | Ofgem](#)

It is the responsibility of each supplier to understand the provisions of the Standard Licence Conditions and how they apply. This guidance document is not a definitive guide to the Standard Licence Conditions, and it does not constitute legal advice. Where there is any ambiguity or conflict between the guidance and and Licence Conditions, the Licence Conditions take precedence. Suppliers are responsible for ensuring that they comply with the applicable requirements of the law and should obtain their own legal advice.

1. Introduction

This chapter introduces the Delivery Guidance and provides context to the DRS and a summary of how it will operate.

What is the DRS scheme?

- 1.1. The DRS aims to provide support to energy customers who accrued debt on their energy bills during the energy crisis (1 April 2022 to 31 March 2024) and who are genuinely unable to repay this debt.
- 1.2. The DRS is a one-off intervention.
- 1.3. The objectives of the DRS are as follows:
 - i) To reduce the levels of domestic debt and arrears in the energy sector and have this shown directly on customer accounts.
 - ii) To facilitate improvements in the culture of debt management and provide an opportunity to build relationships between customers and their suppliers.
 - iii) To support the objectives of our Debt Strategy.
- 1.4. Suppliers who are obligated under the Warm Home Discount (WHD) for Scheme Year 15 will be obligated to take part in this scheme. The obligated suppliers are:¹
 - British Gas Trading Ltd
 - E (Gas and Electricity) Ltd
 - E.ON Next Energy Ltd

¹ [Warm Home Discount \(WHD\) - Eligibility | Ofgem](#)

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- E.ON Energy Solutions Ltd (trading as E.ON Next Energy)
- Ecotricity Ltd
- EDF Energy Customers Ltd
- Electricity Plus Supply Ltd (trading as Utility Warehouse)
- Fuse Energy Supply Ltd
- Good Energy Ltd
- Green Energy (UK) Ltd
- Home Energy Trading Ltd
- Octopus Energy Ltd (trading as Octopus)
- Octopus Energy Operations Ltd (trading as Octopus)
- Foxglove Energy Supply Ltd (trading as Outfox the Market)
- OVO Electricity Ltd (trading as OVO)
- ScottishPower Energy Retail Ltd
- So Energy Trading Ltd
- Tomato Energy Ltd
- Tru Energy Ltd
- Utilita Energy Ltd
- Square1 Energy Ltd (trading as Tulo Energy)

1.5. The Office of Gas and Electricity Markets (Ofgem) is administrator of the DRS.

- 1.6. The DRS is implemented through the Gas and Electricity Supply Licences, and the Electricity Distribution and Gas Transporter Licences 2025.²

Phased Delivery approach

- 1.7. We will apply a phased approach to implementing the DRS.
- 1.8. The phases are as follows:
- Phase 1 - implemented in early 2026. This phase will target customers who are in receipt of Means Tested Benefits (MTBs).
 - Phase 2 - implemented over later in 2026. This phase will target the remainder of customers with eligible debt, using a standardised ability to pay assessment to identify which customers are eligible to receive DRS support.
- 1.9. This document is intended to provide guidance to suppliers about delivery of DRS Phase 1. We will update the Guidance or publish further guidance relating to Delivery of Phase 2.

² This Guidance will be updated with a link to the Standard Licence Conditions following their publication. For a draft version, please see [Debt Strategy: next steps | Ofgem](#)

Timelines for delivery

1.10. Table 1 - Key milestones of the DRS and the key dates for scheme delivery.

Table 1 - Key milestones of the DRS

Milestone	Expected implementation
Publication of DRS Phase 1 statutory consultation	November 2025
Publication of DRS Phase 1 Decision, subject to consultation	January 2026
Phase 1 SLCs come into force, subject to consultation	Q1 2026
Deadline for submission of Supplier Readiness Assessment	Q1 2026, once SLCs come into force
DWP Data Matching legislation comes into force (Digital Economy Act 2017) (subject to parliamentary approval)	Early 2026
Phase 1 Go Live (DRS Phase 1 Start Date)	Early 2026, once SLCs come into force and passage of DWP data matching legislation, subject to Parliamentary approval
Phase 2 Go Live	Summer 2026
Phase 1 and Phase 2 close to applications (DRS Phase 1 Application End Date)	Q1 2027
Wind-up period (inclusive of DRS Engagement End Date)	Early 2027-Mid 2027

Closure of scheme after final claim submissions (DRS Phase 1 End Date)	Q3/Q4 2028
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Ofgem, supplier and consumer groups and charities' roles

Ofgem

1.11. Ofgem's role in the DRS is to administer the scheme and to monitor and facilitate suppliers' compliance with all elements of the scheme. Our functions include:

- Carrying out supplier readiness assessments;
- Assessing supplier DRS payment claims;
- Monitoring of scheme operations and compliance; and
- Conducting a proportionate ex post audit.

Suppliers

1.12. Suppliers will be responsible for the central delivery activity of the scheme. Suppliers play a key customer-facing role as the main contacts of the DRS. Their functions include:

- Identification of eligible debt;
- General Data Protection Regulation³ compliant transfer of customer data to and from the Department of Work and Pensions (DWP);
- Actively engaging customers in the DRS process;
- Providing information about the scheme to customers with eligible debt;

³ [Regulation \(EU\) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data \(United Kingdom General Data Protection Regulation\) \(Text with EEA relevance\)](#)

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- Providing debt write off (DRS Adjustment) for eligible customers in a timely manner;
- Ensuring compliance with the SLCs and this Guidance; and
- Making DRS payment claims to the administrator.

Consumer groups and charities

- 1.13. CGCs may support customers through the DRS who would otherwise struggle to communicate directly with their energy supplier. There may, for instance, be situations where CGCs can play a role in facilitating a stronger relationship between customer and supplier.
- 1.14. As outlined in Section 3 of this guidance, a customer may be referred to a debt advice charity as part of the re-engagement route. This debt advice charity must be authorised by the Financial Conduct Authority (FCA).⁴ We will monitor the number of referrals and work with CGCs to ensure that undue pressures are not placed on CGCs.

⁴ [Financial Services Register | FCA](#)

2. Eligibility Criteria

This chapter covers the eligibility criteria that a customer must meet to be eligible for the scheme. Customers must have eligible debt, engage with their energy supplier and be identified as being in receipt of MTBs.

Eligible Debt

- 2.1. The proposed SLC 24B.12 of the Gas and Electricity Supply Licences requires suppliers to identify customers who have more than or equal to £100 of eligible debt. A domestic customer must have eligible debt to access the DRS.
- 2.2. Eligible Debt is defined in the proposed SLC 24B.29 as “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 customer’s billed charges between 1 April 2022 to 31 March 2024), as calculated on 6 November 2025”.
- 2.3. For the purposes of this guidance, we will refer to the period between 1 April 2022 to 31 March 2024 as ‘the eligible debt period’.
- 2.4. Any debt accrued outside of the eligible debt period and any debt influenced by fluctuations in repayment or re-accrual during the crisis are not eligible for DRS, meaning that it would not be reduced or written off under the DRS scheme. For example:
 - A customer with £1,000 of debt prior to the start of the energy crisis who went on to accrue £2,000 of debt between 1 April 2022 and 1 April 2023, but repaid £500 of debt from 1 April 2023 to 31 March 2024, would have an Eligible Debt of £2,000.
 - A customer with £0 of debt prior to the start of the energy crisis who went on to accrue £2,000 of debt between 1 April 2022 and 1 April 2023, but repaid £500 of debt from 1 April 2023 to 31 March 2024, and accumulated £1,000 after the energy crisis, would have an Eligible Debt of £1,500.
- 2.5. Eligible Debt should be calculated at either a customer account level or at a per fuel level for the eligible period. If it is calculated on a Per Fuel basis, the

eligibility criteria and if necessary DRS Adjustment should be applied to each fuel account.

- 2.6. Where a customer holds debt which is not Eligible Debt, this should be handled through suppliers' existing debt relief routes.

Cap on DRS Support

- 2.7. The maximum DRS Adjustment available to each customer is capped to the amount of Eligible Debt held at the statutory consultation publication date of 6 November 2025.⁵
- 2.8. For example, if a customer had £2,000 of debt, of which £1,000 was Eligible Debt, and the customer paid off £1,500 before the statutory consultation date, they would have £500 of eligible debt.

Minimum levels of debt

- 2.9. There is a minimum Eligible Debt level of equal to or more than £100.
- 2.10. For a dual fuel customer, this means that any customer with under £100 in accumulated Eligible Debt across both gas and electricity cannot access this scheme. A single fuel customer with under £100 in Eligible Debt would not be eligible for DRS Adjustment. Suppliers should support these customers through existing debt relief channels.

Eligible benefits and affordability

- 2.11. To be eligible for the DRS, a customer must meet one of the following criteria:
- Be identified as being in receipt of MTBs by the DWP (Phase 1); or

⁵ [Debt Relief Scheme: Statutory Consultation | Ofgem](#)

- Undergo an income and expenditure assessment and be under a certain financial threshold (Phase 2).

2.12. Customers in receipt of the following MTBs will be eligible for support through Phase 1 of the DRS, as long as the other eligibility criteria are also satisfied. (Suppliers should note that customer eligibility for these benefits will be determined by the DWP data matching exercise).

- Guarantee Credit of Pension Credit;
- Housing Benefit;
- Income-related Employment and Support Allowance;
- Income-based Jobseeker's Allowance;
- Income Support;
- The 'Savings Credit' element of Pension Credit; and
- Universal Credit.

2.13. MTB customers will be identified automatically via a data matching process (see section 3 of this guidance). Customers will not be able to present any form of benefit proof (e.g. bank statements and benefit letters) to access the scheme to support counter fraud practices. Customers not identified through the data matching process will have the opportunity to access the scheme in Phase 2.

2.14. We will update this guidance with further information on income and expenditure assessments following the Phase 2 consultation. We will not require suppliers to routinely conduct Income and Expenditure assessments as part of Phase 1. However, these may be conducted by a debt advice charity following referral from a supplier, or as part of business-as-usual debt management by the supplier. If a supplier conducts an Income and Expenditure assessment as part of its business-as-usual processes, it should have regard to relevant Standard Licence Conditions of the Gas and Electricity Supply Licences.

Closed accounts

- 2.15. 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 for support under DRS.
- 2.16. Customers with closed accounts who no longer hold ‘live’ accounts with a supplier, but who are repaying their existing debt will qualify for DRS Adjustment.
- 2.17. If a customer with a closed account does not engage with the supplier, they will not be eligible for DRS Adjustment.

3. Phase 1 Eligibility Routes and the Engagement Condition

This section details how suppliers will identify eligible customers for the DRS, and what Engagement Conditions a customer must meet to receive debt-write off on eligible debt.

3.1. In Phase 1, 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 MTBs using DWP data matching;
- Immediately write off eligible debt for those customers in receipt of MTBs who are already meeting the engagement criteria;
- Make proactive contact with potentially eligible customers to provide them with information regarding the scheme; and
- Offer a route for other customers in receipt of MTBs to engage in order to qualify for scheme support.

Data-matching in collaboration with DWP

- 3.2. The proposed 24B.13 of the Gas and Electricity Supply Licences requires that “[a supplier] ... 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.”
- 3.3. This section sets out the process for suppliers to follow to meet this licence condition.

- 3.4. WHD data (Core Groups 1 and 2 in England & Wales and Core Group 1 in Scotland) will be used as a proxy for ascertaining those in receipt of MTBs.⁶ An automatic data sharing process will identify these customers.
- 3.5. DWP will conduct a secondary bespoke assessment of customers with eligible debt to understand who is in receipt of MTBs for those not captured as part of the WHD data-match.
- 3.6. Suppliers cannot begin using customer WHD or MTB data until amendments to the Digital Economy Act (2017) (DEA) come into force.⁷ We will communicate to suppliers when these legislative changes are in place – expected in Q1 of 2026.
- 3.7. Figure 1 - The data sharing process under the DRS, and the below explain this process for suppliers:
- a. **Identify customers with eligible debt:** Suppliers should determine which of their domestic customers have debt equal to or exceeding £100 from usage between 1 April 2022 and 31 March 2024. Suppliers should create a dataset containing this information, in line with existing WHD data exchange processes. We expect suppliers to have identified customers with eligible debt prior to the launch of Phase 1.
 - b. **Receive WHD data from DWP:** From October 2025 onwards DWP will share information with suppliers on which of their customers are in receipt of WHD, in line with existing WHD processes. DESNZ will also issue ‘Instructions to Pay’ which captures MTB recipient customers that were not recorded in the initial data match due to missing evidence. These ‘Instructions to Pay’ can also be used to identify eligible DRS customers. However, this data must not be used for DRS purposes until the DEA amendments are enacted.

⁶ [Warm Home Discount \(WHD\) | Ofgem](#)

⁷ [Digital Economy Act 2017](#)

- c. **Cross-reference data:** We will notify suppliers of when the DEA allows them to use WHD data for the purposes of the DRS (expected in early 2026). Suppliers should then cross-reference the data they hold on those with eligible debt with those in receipt of WHD. Customers appearing on both lists will form the first batch of eligible customers, subject to meeting the other required eligibility criteria.
 - d. **Submit secondary list to DWP:** Suppliers must then create a secondary list of customers with eligible debt, excluding those already identified as receiving WHD. This list should be submitted to DWP following amendments to the DEA.
 - e. **Receive a list of Unique Reference Numbers (URNs) for eligible customers:** DWP will return a list of URNs of those they have identified are eligible. These customers will constitute the second and final batch of Phase 1 eligible customers, again subject to the eligibility criteria being met.
- 3.8. In Scotland, suppliers should not classify those in receipt of the Broader Group element of the WHD as being automatically eligible for Phase 1.⁸ Rather, these customers will be picked up in the secondary data match as discussed in section 3.9 of this guidance. We appreciate that some customers may be eligible for the Broader Group but not the DRS. This will ultimately be due to a supplier's ability to expand the eligibility criteria under the Broader Group outside the intended scope of the DRS.
- 3.9. The bespoke secondary data match will be conducted on the date that DWP receives the data from the supplier (as per point 4 in 3.7). This does mean, however, that customers in receipt of MTBs at the point of scheme go-live, may

⁸ [Warm Home Discount \(WHD\) - Eligibility | Ofgem](#)

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not be identified under Phase 1 if they are not also in receipt of MTBs when DWP receives the data from the relevant supplier.

- 3.10. The secondary data match will also require bespoke data sharing agreements to be in place between DWP and suppliers before data can be exchanged. DWP will contact suppliers directly to organise these.
- 3.11. Phase 2 provides the opportunity for customers not eligible under Phase 1 to access the scheme, if they meet the required income and expenditure thresholds.

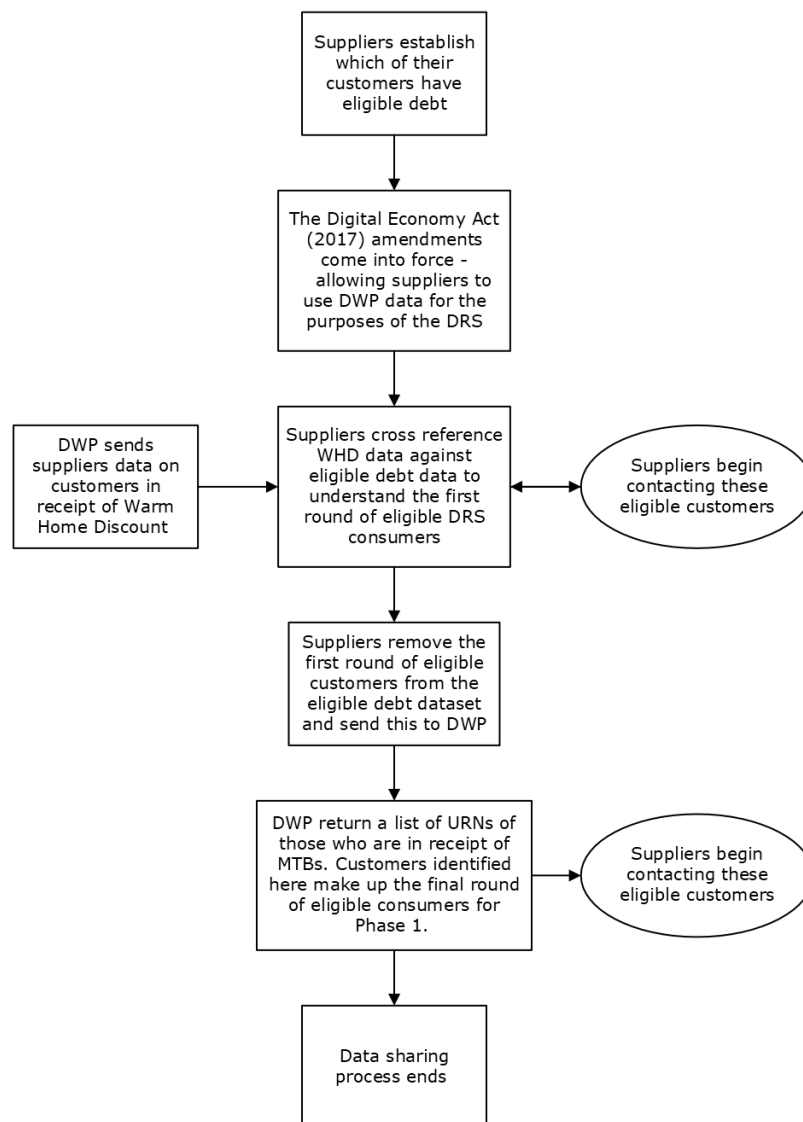


Figure 1 - The data sharing process under the DRS

Eligibility criteria

3.12. To qualify for support under Phase 1 of the DRS, a customer must be a Phase 1 Customer. A Phase 1 Customer is a customer who:

- Is a domestic customer or household;
- Holds eligible debt of £100 or more (see section 2.2); and
- Is identified as being in receipt of MTBs by DWP (see section 3.2).

The Phase 1 Engagement Condition

3.13. The proposed SLC 24B.5 to SLC 24B.8 of the Gas and Electricity Supply Licences requires a supplier to offer DRS Adjustment to a Phase 1 Customer who meets the Phase 1 Engagement Condition. We define these terms below.

3.14. A Phase 1 Customer will meet the Phase 1 Engagement Condition if they have made a payment in the billing period immediately prior to the supplier enrolling the customer in DRS.

3.15. For the purposes of the DRS, the billing period refers to last time that a customer received a bill for their energy, whether this is monthly or quarterly.

3.16. Under the DRS, the billing period refers to last time that a customer received a bill for their energy.

3.17. Suppliers should work with customers to make it as easy as possible to make these payments.

3.18. For the purposes of the DRS, a customer who pays for their energy through pre-payment meters will be considered to have met the Phase 1 Engagement condition. This is regardless of whether the prepayment meter is on or off supply, as the customer would have paid for their energy consumption at the last point that they used energy.

3.19. We would not usually consider it appropriate for a supplier to move a customer from a credit to prepayment meter (or a change of mode for smart meters)

purely to meet the Phase 1 Engagement Condition for DRS, unless specifically and explicitly requested by the customer. Suppliers are reminded of their licence obligations when moving a customer from a credit contract to a PPM contract.

- 3.20. Similarly, a Phase 1 Customer on an existing repayment plan would meet the Phase 1 Engagement Condition, as long as the Phase 1 Customer adheres to the agreed repayment plan.
- 3.21. This requirement should be applied fairly and equally to customers.
- 3.22. If the supplier is satisfied that a Phase 1 Customer has met the Phase 1 Engagement Condition, they should consider the Phase 1 Customer to be an Automatic Phase 1 Customer and should make a DRS Adjustment to the customer's account within 30 calendar days of the DRS Phase 1 Start Date.
- 3.23. If a Phase 1 Customer's most recent billing period was prior to the DRS Phase 1 Start Date, and the Phase 1 Customer has made a payment in this billing period, the Phase 1 customer should be considered to have met the Engagement Condition as at the DRS Phase 1 Start Date.
- 3.24. Suppliers should be able to identify these customers prior to scheme go-live and be ready to make a DRS Adjustment to these customers' accounts upon confirming that they hold eligible debt and meet the other eligibility criteria for Phase 1 of DRS.

Reengagement options for customers to meet the Engagement Condition

- 3.25. SLC 24B.9 requires suppliers to offer services to a Phase 1 Customer who do not fulfil the Phase 1 Engagement Condition. These customers are defined as 'non-automatic Phase 1 Customer'.

- 3.26. Customers identified via the data matching process discussed in 3.2 but who do not meet the Engagement Condition should be contacted by their supplier. This contact should explain the scheme and the benefits of taking part.
- 3.27. Where a non-automatic Phase 1 Customer responds to contact from a supplier, the supplier should proactively offer the customer a route for re-engagement. This should involve:
- The Phase 1 Customer should provide or confirm up-to-date information allowing them to be contacted; and
 - The Phase 1 Customer should enable the supplier to confirm that their account is up to date (such as providing meter readings for customers without smart meters and agreeing to the installation of smart meters where suitable).
- 3.28. The Phase 1 Customer must then agree to pursue one of the 3 options discussed below. These are:
- **Arranging a repayment plan.** To meet this condition, the Phase 1 Customer must agree to a plan to repay their outstanding debt. The Phase 1 Customer is considered to have met the Engagement Condition, and therefore a DRS Adjustment should be made following receipt of the first payment from the repayment plan. The supplier should ensure that a repayment plan reflects the Phase 1 Customer's outstanding debt once DRS support has been provided. The repayment plan offered must be fair and reasonable for each Phase 1 Customer's individual circumstances. The supplier must ensure that this repayment plan adhere to the ability to pay rule as per SLC27.8.
 - **Use of the Fuel Direct Scheme.** Participation in Fuel Direct should be considered as evidence that the Phase 1 Customer has met the

engagement condition.⁹ Suppliers should be aware of existing government guidance around Fuel Direct when offering it to customers. The Phase 1 Customer is considered to have met the Engagement Condition, and therefore a DRS Adjustment should be made following receipt of the first payment from the Fuel Direct Scheme.

- **Referral to an FCA accredited debt advice service.** Under this route, a ‘warm’ referral is required to evidence that the Phase 1 Customer has met the Phase 1 Engagement Condition. This means that the supplier should provide the customer with details of an appropriate debt advice service, rather than just signposting the customer to the service. Evidence of a ‘warm’ referral customer has had a referral in the six months prior to being contacted, they will be eligible for debt write-off. Suppliers should use existing relationships with advice charities, including providing funding for the charity as appropriate. Eligible debt should be written off following the ‘warm’ referral.
- 3.29. If the Phase 1 Customer is unable to engage with a telephone conversation, these options could be relayed (for example) through email or by allowing the Phase 1 Customer to select an option on a smartphone application, as is most suitable for each Phase 1 Customer and their needs.
- 3.30. Communication must make clear that engaging with their supplier and pursuing one of the 3 engagement options are prerequisites for accessing the scheme.
- 3.31. Whilst we would not expect suppliers to provide evidence of the engagement route taken by each individual customer as part of a claim for reimbursement under DRS, suppliers should record the engagement route taken for audit purposes.

⁹ [A guide for energy suppliers \('Fuel Direct'\) - GOV.UK](#)

3.32. When offering engagement options to customers, suppliers should have regard to the customer’s welfare and ensure that any option offered is appropriate for the customer. Ultimately, it should be the customer’s decision as to what engagement option they pursue. Suppliers should also be aware of licence conditions and any other rules regarding (for example) arrangement of repayment plans.

3.33. It is our intention that DRS should act as a springboard for improving engagement between suppliers and indebted customers. For this reason, suppliers should consider how they can use any approach to customers about DRS support to offer the opportunity for improved engagement, throughout the lifetime of the scheme and beyond.

3.34. Figure 2 - The eligibility route, provides an overview of the eligibility route and re-engagement options.

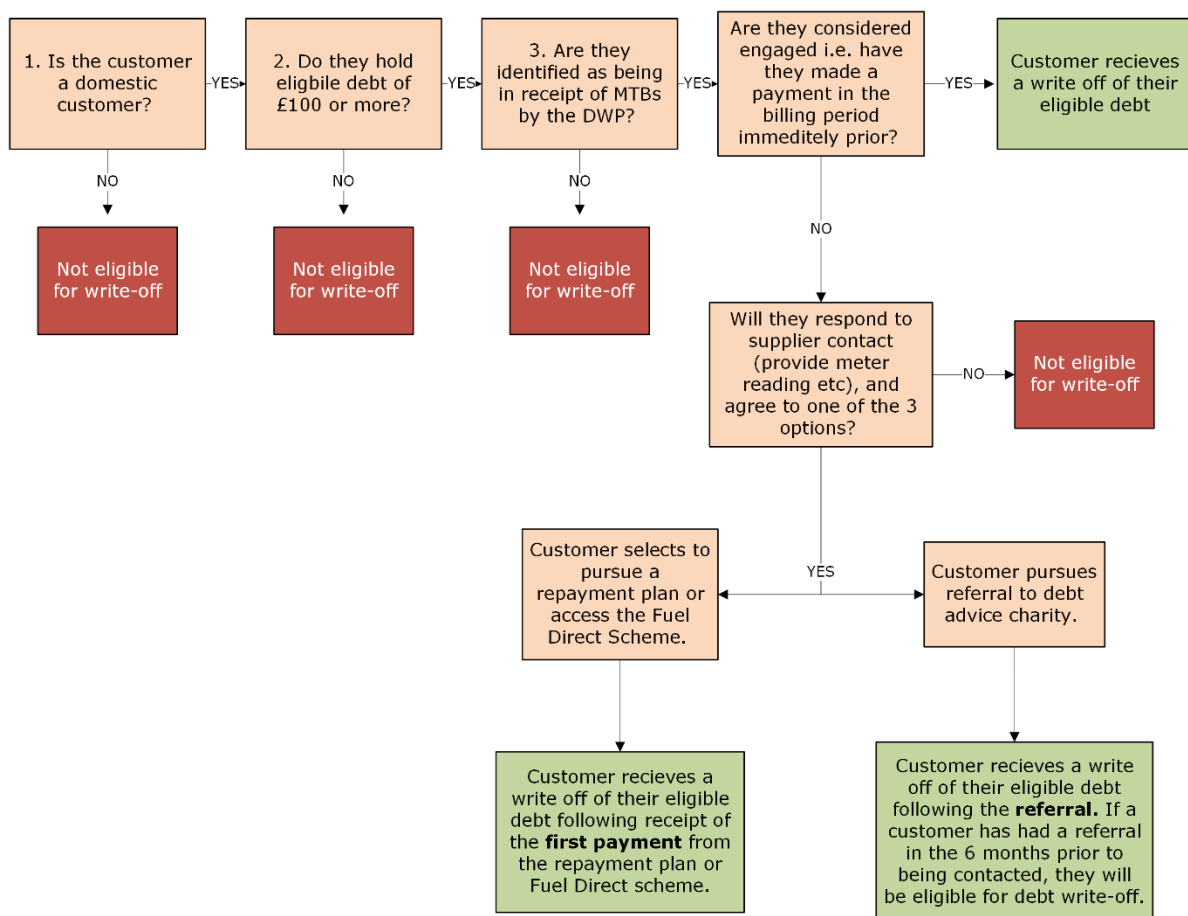


Figure 2 - The eligibility route

Applying a DRS Adjustment to a customer's account

- 3.35. The proposed SLC 24B.29 defines a DRS Adjustment as “a full write-off of DRS Eligible Debt applied by licensees to the account of a Phase 1 Customer”.
- 3.36. When the supplier is confident that the customer has met all the criteria set out above, they must apply a DRS Adjustment to the customer's account. SLC 24B.7 outlines that the DRS adjustment must be issued within 30 calendar days of either:
- The scheme go-live date, if the Phase 1 customer meets the Engagement Condition at scheme go-live.
 - The date on which the Engagement Condition is fulfilled.
- 3.37. The DRS Adjustment must be directly applied as a positive adjustment to a customer's account, so that the customer can see the benefit of the scheme.
- 3.38. The value of the DRS Adjustment should equal the capped value of DRS support, as set out under 2.7 of this guidance.
- 3.39. For Direct Debit and Standard Credit customers, the DRS debt matching or write off amount will be applied to the customer account as is done under the WHD.
- 3.40. For customers on pre-payment meters, the DRS amount must still be applied to the customer account, using the following method:
- 3.41. The adjustment is made to traditional pre-payment customers either via a Special Action Message (SAM) or by issuing a credit voucher to the customer's address. In instances where the payment has been issued but the customer has not redeemed this, the payment is considered provided but not delivered.
- For customers on smart prepayment meters or a non-SMETS Smart Meter, the DRS adjustment should be applied automatically through a reduce debt message to the meter. This reduce debt message must equate to the DRS Adjustment amount.

Ineligible customers

- 3.42. If a customer contacts their energy supplier for support but they are not eligible for the DRS, suppliers should use their existing processes to support them. A supplier can choose to write off debt for these customers, but this amount cannot be claimed under the claims process discussed in Section 6 - Submitting claims.

Communication expectations

- 3.43. Suppliers must make reasonable endeavours to contact all Phase 1 Customers.
- 3.44. Suppliers should consider appropriate means to contact a Phase 1 Customer. This might include email or SMS message, use of a supplier's app, or postal communication.
- 3.45. In their communication to Phase 1 Customers, suppliers should inform the customer that data sharing with the Department for Work and Pensions (DWP) has identified that they are in receipt of a qualifying benefit for the DRS and that if they would like this decision to be reviewed, they should contact their supplier in the first instance, who will engage with DWP.
- 3.46. For Phase 1 Customers who are already meet the Engagement Condition, suppliers must advise the amount of debt that has been written off and why. We expect suppliers to highlight the scheme objectives in these communications to support the long-term debt management process. The scheme is a one-off intervention, and customers should continue paying for current consumption as a result.
- 3.47. For Phase 1 Customers that must reengage to meet the Engagement Condition, suppliers must inform them of the availability of support under DRS. This initial contact should be as comprehensive as possible to help customers understand their options and choose the best engagement type for them. Suppliers should also discuss the positives of smart meters with customers who do not yet have

one and signpost them to relevant advice.¹⁰ A customer does not have to pursue the installation of a smart meter to receive the DRS adjustment.

- 3.48. The communication for all Phase 1 customers must highlight that they have been identified as being in receipt of a qualifying benefit through data matching conducted in collaboration with the DWP. If the customer would like this reviewed, they should contact their energy supplier in the first instance who will then liaise with the DWP.¹¹
- 3.49. When a DRS adjustment has been applied to a customer account, the supplier should contact the customer, using an appropriate and accessible method, to inform them that they have received DRS support. The supplier may use this opportunity to offer further support routes which may benefit the customer.
- 3.50. Suppliers should use communication methods which are appropriate for the customer, including accessible communication types where appropriate.
- 3.51. Suppliers should implement phishing prevention techniques in the communications they use to protect customers.

Customers who do not engage

- 3.52. Suppliers must make at least one additional attempt to engage customers in the DRS after the initial attempt. This additional attempt should be distinct from the initial attempt(s) of engagement. For example, if the first contact was through email, the additional contact attempt could be through telephoning the customer to advise them of the process.
- 3.53. Evidence of this contact and the other attempts must be retained otherwise this may be recorded as non-compliance.

¹⁰ [Get a smart meter | Ofgem](#)

¹¹ [Personal information charter - Department for Work and Pensions - GOV.UK](#)

4. Supplier readiness

This section covers scheme readiness assessments and informs suppliers of the steps they need to undertake to confirm they can participate in the scheme. Pre-scheme readiness checks will ensure that all participating suppliers are operationally ready to deliver DRS Phase 1 in a consistent and standardised manner by the launch date.

- 4.1. All suppliers who are obligated to participate in the WHD for Scheme Year 15 (April 2025-March 2026) are required to take part in the DRS.

Supplier readiness

- 4.2. The proposed SLC24B.15 of the Gas and Electricity Supply Licences will require that “Prior to the DRS Phase 1 Start Date, the licensee must provide the Authority with a DRS Phase 1 Readiness Assessment”. This Section of the Delivery Guidance outlines the requirements to meet this condition.
- 4.3. The Phase 1 Start Date is dependent on a decision on the proposed changes to the Gas and Electricity Supply Licences, and the passage of legislation enabling data sharing between suppliers and the DWP for the purposes of a DRS. We will update this guidance with the Phase 1 Start Date when this legislation is passed and changes to the Gas and Electricity Supply Licences are made.
- 4.4. Only suppliers that are obligated under the DRS and who have successfully passed the readiness assessment will be eligible to claim for reimbursement, as outlined in 24B.16 of the SLCs. We will notify suppliers if they have not passed the readiness assessment.
- 4.5. Phase 1 can primarily be delivered using existing supplier processes. Data matching is, for instance, already conducted as part of the WHD process. Our approach to ensuring supplier readiness for Phase 1 will reflect this.
- 4.6. Suppliers who do not make adequate progress towards scheme readiness may face compliance action.

DRS Phase 1 Readiness Assessment

4.7. The DRS Phase 1 Readiness Assessment will be made up of two stages:

- i) Each supplier will provide confirmation, by way of a signed letter from an appropriate representative of the firm, that they understand the requirements placed on them by Standard Licence Condition 24B of the Gas Supply Licence and Standard Licence Condition 24B of the Electricity Supply Licence. We will write to each obligated supplier following a decision on our proposed Standard Licence Conditions to confirm the contents of this letter and when we expect to receive it.
- ii) A supplier self-assessment, which is reviewed in-depth by Ofgem, will act as final sign off that they are ready to proceed with the DRS.

4.8. The supplier self-assessment must be conducted in line with a template provided by Ofgem. Suppliers will be expected to identify:

- i) The total number of customers who have equal to or more than £100 of DRS eligible debt (capped at the statutory consultation date of 6th November 2025);
- ii) The total amount of DRS eligible debt held by the domestic customers who have equal to or more than £100 of DRS eligible debt;
- iii) The supplier's assessment of readiness of its business-as-usual processes that will enable delivery of DRS Phase 1; including:
 - a. Transfer of data with DWP, enabling customer matching with DWP MTB data, including being signed up to the bespoke data sharing agreements for the secondary data match and being prepared to share data in accordance with the Detailed Business Requirement;
 - b. Contacting customers who are identified as matched in 'a' above;

- c. Assessment of whether a customer meets the Engagement Condition, as defined in the proposed Gas and Electricity SLCs and in this guidance document; and
 - d. Billing systems, enabling write-off of debt on individual customer accounts.
 - iv) The supplier's assessment of the suitability of its processes in place to prevent, identify and report fraud relating to DRS.
- 4.9. We will provide a template for supplier self-assessment after a final decision on the proposed changes to the Gas and Electricity Supply Licences. This template is intended to enable suppliers to demonstrate readiness against the criteria below. Suppliers may seek alternative routes to self-assess their readiness, and to demonstrate this to Ofgem.
- 4.10. For (iii) and (iv) above, the supplier should assess their position on the attainment of the relevant criteria, against the status' defined below. If a supplier is reporting as 'Amber', or 'Red' they will be expected to provide mitigating actions on how they will progress back on track or clearly identify the blockers where additional support may be required.
- 4.11. A supplier's self-assessment will be by rating each criterion as either:
- **Ready (Green)** –the supplier has already criteria has been attained at the time of self-assessment.
 - **Not ready, but expecting to be ready at the DRS Phase 1 Start Date (Amber)** – meaning that the criteria has not been attained at the time of self-assessment, but that the supplier expects to attain the criteria by the DRS Phase 1 Start Date, and has a credible plan to do so; or
 - **Not ready, not expecting to be ready by launch date (Red)** – meaning that the criteria have not been attained at the time of self-assessment, and that the supplier does not expect to attain the criteria by the DRS Phase 1 Start Date.

Delivery Guidance – Debt Relief Scheme

- 4.12. A supplier will be considered to have self-assessed as Ready if it has not rated attainment of any criteria as 'Red'. Where a supplier has self-assessed as 'Amber', they will be expected to provide evidence of their ability to attain readiness in time for DRS Phase 1 Start Date. We will assess this evidence and will inform suppliers if we do not agree with their self-assessment.
- 4.13. A supplier must satisfy both parts of the DRS Phase 1 Readiness Assessment, as set out in 4.7 above, in order to receive approval from Ofgem in order to be eligible to make a claim for DRS Payment, as required under the proposed SLC 24B.16 in the Gas and Electricity Supply Licences.
- 4.14. Ofgem may request further evidence or proof of appropriate business processes prior to approving a DRS Phase 1 Readiness Assessment.

5. Supplier reimbursement and claims

This Section details the reimbursement methodology and how suppliers can make claims for compensation. Standard Licence Conditions underpin the actions described in this chapter, as well as the potential enforcement actions because of non-compliance.

- 5.1. This Delivery Guidance will shortly be updated to reflect a detailed and comprehensive supplier reimbursement and claims process. This current iteration is designed to provide an initial overview of our expectations, and will be updated further following engagement with relevant stakeholders.

Supplier reimbursement and adjustment mechanism

- 5.2. Suppliers will be reimbursed in line with the approach set out in our Statutory Consultation.
- 5.3. This methodology includes an adjustment mechanism which allows suppliers to submit evidence to support a revised valuation when they consider that the standard provisioning approach materially differs from the commercial value of their debt and arrears. We may also invoke this process in outlier cases and seek further evidence from suppliers to reconcile their provisioning methodology against expected recovery.
- 5.4. Where a supplier submits a proposal for an adjustment to claims to support a revised valuation, we may seek additional reporting information from that supplier to support the claims process.
- 5.5. We will provide further details and seek feedback on this in a separate document; however, we expect the adjustment process to follow the below:
- **Initial RFI:** Prior to scheme launch, suppliers will make an initial data submission detailing their provisioning rates for eligible debt reconciled back to their latest audited annual accounts, disaggregated by payment

method and account type. This will form the baseline for DRS reimbursement rates.

- **Adjustment:** Ofgem may request further information to verify or adjust the reimbursement of outlier cases. Should a supplier disagree with their baseline reimbursement rates, they will submit further evidence to Ofgem demonstrating their expected revenue recovery on eligible debt and arrears and explaining why this differs materially from their bad debt provisioning. Where the basis for supplier provisioning is more complex than just by payment type and age of debt, they will also set out their customer categorisation. Ofgem may also request further information to verify or adjust the reimbursement of outlier cases. We will require any evidence to have been approved by an appropriate individual at the supplier.
- **Decision:** Ofgem will consider the evidence against a decision-making framework and apply a reimbursement rate to each relevant customer category. This could include revising the reimbursement rate upwards or downwards. This Delivery Guidance will be updated to reflect this framework.
- **DRS Payment Claim Submission:** Suppliers will submit their DRS Payment Claim, segmented by the agreed customer categories – with customers being allocated to a category based on their status when the debt write-off was applied. The Supplier will apply the latest notified reimbursement rates to the values written off in each category.

The claims process

- 5.6. The claims process enables suppliers to request compensation under the scheme. This process will closely align with the approach used in the Supplier

of Last Resort (SoLR) levy claims framework.¹² Suppliers will submit claims to Ofgem, and once approved, suppliers may present their validated claims to the relevant network operators for payment. Network distribution charges will collect and then distribute funds to eligible suppliers from May 2027 as per the revised hybrid model.

5.7. There will be a designated annual claim period across 3 years:

- 1) Q3/4 2026 - recovery in 2027/2028. Primarily for Phase 1 costs.
- 2) Q3/4 2027 - recovery in 2028/2029. Primarily for Phase 2 costs.
- 3) Q3/4 2028 - recovery in 2029/2030. Acting as a 'mop up' for any missed costs.

5.8. Only suppliers that are obligated under the DRS and who have passed the DRS Phase 1 Readiness Assessment specified in Section 4 can make a claim.

5.9. Suppliers will be able to claim for costs associated with debt-write off and administrative costs. As part of the review process, Ofgem will assess whether the claimed costs represent value for money.

Submitting claims

5.10. During each annual claim window, suppliers may submit claims for the costs incurred from the scheme go live date or, subsequently, from the date the last claim was made.

5.11. An overview of the claims process is below:

- **The supplier submits a claim to Ofgem.** The claim must be submitted using the template.¹³

¹² [Supplier of Last Resort: Revised Guidance 2016 | Ofgem](#)

¹³ This template will be added to the annex at the earliest opportunity.

- **Ofgem assesses the claim.** We will seek to determine whether the claim is fair and reasonable. In some cases, we may request further information to support the claim – we expect suppliers to respond to queries promptly, as is required under SoLR levy claims.
 - **Ofgem communicates the outcome and issues a claim letter.** We will provide an outcome to the claim as soon as possible. This letter will detail the amount each network will pay the supplier and can also be used to obtain third-party financing (as discussed in 5.26).
 - **The supplier provides the network with the approved letter.** The approved claim letter will set out the amount to be claimed from each network. Any claims not submitted by the required time will have to wait until the next charging year.
 - **Payment.** Networks will begin monthly payments from May 2027. Claims in subsequent years will follow from May 2028 and May 2029.
- 5.12. Claims must be submitted via Huddle, a secure file-sharing platform that supports large file uploads and offers enhanced data protection compared to email. We will provide an Excel template specifying the required data format. Claims not submitted using this template must be resubmitted in the correct format.
- 5.13. The claim period will be aligned with our assurance programme – as discussed in Section 0. This will allow us to confirm debt relief costs via invoices, bank statements and customer reference numbers as part of the audit and then use this to confirm the claimed amount. This will allow a streamlined process wherein claims can be assessed quickly.
- 5.14. Claims must only include costs that have already been incurred; projected or future costs are not eligible.

Calculating the DRS Adjustment amount

- 5.15. Supplier claims must include clear information on all the monies spent on DRS Adjustment.
- 5.16. The DRS Adjustment must only include monies already spent. Projected DRS Adjustment amounts are not permitted.
- 5.17. Claims must include:
- The number of customers supported through DRS Adjustment and the monetary value of the support at the point of submission.
 - A summary of this data split by the fuel type and the disaggregated by payment method and account type.

Calculating the administration amount

- 5.18. A flat administration cost will be applied to each customer supported under the DRS. Suppliers must ensure that their claim includes accurate information on the number of customers supported through the scheme.
- 5.19. This figure will be a fair and reasonable amount that seeks to provide value for money for energy customers whilst also encouraging cost effectiveness between suppliers.

Approving a claim and payments

- 5.20. Ofgem will seek to process claims as soon as possible. We will contact suppliers in instances where this deadline cannot be met.
- 5.21. Upon approval, Ofgem will issue a Consent Form to the supplier, authorising them to seek compensation. This form will follow the existing SoLR levy claims template and will specify the approved claim amount and the amount to be covered by each relevant network operator.

- 5.22. The approved claim will advise the supplier when this needs to be sent to the relevant networks. Any claims sent after the deadline will not be accepted and cannot be claimed.

Rejections and revisions

- 5.23. If we are not satisfied with any aspect of the claim, we will adjust or reject specific items rather than rejecting the whole claim. In such cases, suppliers will be asked to provide additional information or evidence to support the claim.
- 5.24. Ofgem may revise the claim amount or reject it entirely, providing clear justification for any changes or rejections. Insufficient evidence may lead to rejection.
- 5.25. Suppliers will have the opportunity to meet with Ofgem and submit further evidence for reconsideration. However, the final decision on all claims rests solely with Ofgem.

Third party financing

- 5.26. Supplier payments have third party assignment rights. This means that suppliers can access third party funding and receive payment for claims prior to May 2027. A supplier must have an approved claim to access this funding route, which ultimately follows a similar process to the third-party financing under SoLR.¹⁴

¹⁴ [Decision on third-party financing under SoLR](#)

6. Compliance, Monitoring, Reporting and Fraud Prevention

This Section details the actions suppliers must take to remain compliant with the DRS, how these will be assessed via monitoring, and the actions taken if non-compliance is identified. The information provided by suppliers will also contribute to an end of scheme report conducted by Ofgem. This Section also discusses fraud prevention, and the steps that suppliers must undertake to protect themselves and customers from fraud.

Monitoring and compliance of supplier performance

- 6.1. The proposed SLC24B.18 of the Gas and Electricity Supply Licences will require that “[a supplier] ... must comply with reporting, assurance, and auditing requirements to demonstrate compliance with this condition”. This Section of the Delivery Guidance outlines the requirements to meet this condition.
- 6.2. Suppliers will be required to provide Ofgem with data related to delivery of DRS, using existing powers under SLC 5 of the Gas Supply Licence and Electricity Supply Licence.
- 6.3. Our monitoring framework for DRS Phase 1 will consist of the DRS Phase 1 Readiness Assessment and periodic reporting throughout the lifetime of the scheme.

Periodic reporting requirements

- 6.4. Ofgem will expect suppliers to provide periodic reports on their performance under the DRS. We will use information provided through this reporting to assess supplier performance and compliance with the relevant SLCs.
- 6.5. Suppliers will provide monthly reporting on the number of Phase1 Customers engaged through DRS.

- 6.6. Were we identify areas of concern through our monitoring of periodic reporting, we will work with that supplier to rectify processes as necessary. We may take further compliance and enforcement action where necessary.
- 6.7. We may publish data from our periodic reporting to provide transparency on the implementation of DRS. Where we do publish data, it will be in an appropriate form.
- 6.8. In addition to periodic reporting, we may request an end-of-scheme report from suppliers following closure of the DRS.
- 6.9. The data that we will request from suppliers is set out in Annex 1 of this guidance. We will provide suppliers with a template for reporting as part of any request.

Compliance

- 6.10. Compliance with the DRS means, but is not limited to, the following:
- Providing accurate information as part of the supplier readiness assessment (as per Section 4 of this guidance);
 - Putting in place appropriate and proportionate mechanisms to both identify and prevent fraud;
 - Providing write-off to eligible debt in a timely manner;
 - Providing clear and accurate information to customers;
 - Adhering to all delivery timescales outlined in this Delivery Guidance and the SLCs; and
 - Holding and storing accurate information required by Ofgem for audit purposes outlined in this section.
- 6.11. Where we have concern regarding compliance, Ofgem may request additional levels of reporting or initiate ‘deep dives’ into the application of DRS support. We will work informally with suppliers to handle exceptions or unforeseen

issues which may arise in scheme delivery. Where suppliers are in persistent breach of their DRS licence conditions, Ofgem will act based on our existing powers of compliance assessment and enforcement. If a supplier fails to meet these requirements, we may take enforcement action and record non-compliance on our Supplier Performance Report.¹⁵

Audits

6.12. The supplier must retain an audit trail for DRS Adjustment made to customer accounts.

6.13. Ofgem may request that a supplier commissions an independent audit where we identify a risk to customer outcomes.¹⁶

Fraud Prevention

6.14. Ofgem takes a zero-tolerance approach to fraud. In the context of DRS, fraudulent activity is any dishonesty or misrepresentation of the licences that undermines the policy intent or our administration of the scheme.

6.15. A supplier is expected to mitigate the risk of fraud when delivering Phase 1 of the DRS. This should include, but is not exclusive to:

6.16. Identifying and mitigating fraud risks;

- Suitable, senior manager oversight of activity and reporting;
- Processes to ensure accurate and reflective reporting to us; and
- Processes for handling, investigating and reporting suspected fraud cases. This includes having processes in place for receiving allegations of fraud and whistleblowing from the public or supply chain.

¹⁵ [Supplier Performance Report \(SPR\) | Ofgem](#)

¹⁶ See SLC 5B of the Gas Supply Licence and SLC 5B of the Electricity Supply Licence.

- 6.17. A supplier must self-assess of the suitability of its processes in place to prevent, identify and report fraud relating to DRS as part of our supplier readiness assessment (see Section 5). Suppliers should review these processes, as appropriate, to ensure that they are sufficiently robust.
- 6.18. A supplier must ensure their own investigations into suspected fraud cases are thorough and completed in a timely manner.
- 6.19. In addition, where evidence of fraud is found this should be reported by the obligated supplier to Action Fraud or the police.^{17,18}

Interaction with other schemes

- 6.20. DRS Adjustment should not be used to meet any other obligation, including, but not limited to, debt-write off that is offered under the Industry Initiatives component of WHD.¹⁹

¹⁷ Action Fraud provide a central point of contact for reporting fraud in the UK. See [Action Fraud](#) for more information.

¹⁸ If the fraud is ongoing, it should be reported directly to the Police.

¹⁹ See Schedule 2 in the WHD (England & Wales) Regulations 2022 and Schedule 3 in the WHD (Scotland) Regulations 2022.

Annex 1 – Monthly reporting template

This annex contains a summary of data that we propose to collect from suppliers for the purposes of monitoring DRS delivery. We will use this summary to produce a reporting template which will share with suppliers ahead of DRS launch.

Data Metric	Purpose	Explanatory Note
Reporting period	To identify the reporting period for the answers given	Reporting periods should relate to calendar months e.g. 1 January to 31 January 2026
Supplier name	To identify the supplier.	This should be the name used by the supplier on its supply licence. Where a supplier holds more than one licence, please compile a report for each instance.
Total number of DRS Phase 1 customers	To identify the total number of DRS Phase 1 customers at scheme launch, as defined by SLC 24B.30 of the Standard Licence Conditions	Suppliers should record the total number of DRS Phase 1 customers at scheme launch. Customers who do not meet the definition of DRS Phase 1 Customers (for example, those with less than £100 of eligible debt) should be excluded from this calculation. This value should not change throughout the life cycle of the scheme.

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Data Metric	Purpose	Explanatory Note
Total value of eligible debt held by DRS Phase 1 customers	To identify the total value of eligible debt held by DRS Phase 1 customers at scheme launch, disaggregated by payment method and account type.	Suppliers should record the total value of eligible debt held by DRS Phase 1 customers at scheme launch. This value will not change throughout the life cycle of the scheme.
Total number of Phase 1 customers receiving DRS Adjustment in this reporting period	To identify the customers receiving a DRS Adjustment in the reporting period, disaggregated by payment method and account type.	Suppliers should record the total number of customers receiving a DRS Adjustment in the reporting period. A customer should be recorded in the reporting period where the adjustment is made in their account. This should be disaggregated by the payment method (DD, SC, PPM) and account type (dual fuel, gas only, electricity only).
Total value of DRS Adjustment in this reporting period	To identify the total value of eligible debt written off through a DRS Adjustment in the reporting period, disaggregated by payment method and account type.	Suppliers should record the total value in £ of DRS Adjustments made in the reporting period. An adjustment should be recorded in the reporting period where it is applied to the customer account. This should be disaggregated by the payment method (DD, SC, PPM) and account type (dual fuel, gas only, electricity only).

Delivery Guidance – Debt Relief Scheme

Data Metric	Purpose	Explanatory Note
Total number of Automatic Phase 1 customers receiving DRS Adjustment in this reporting period	To identify the Automatic Phase 1 customers receiving a DRS Adjustment in the reporting period, disaggregated by payment method and account type.	Suppliers should record the total number of Automatic Phase 1 customers receiving a DRS Adjustment in the reporting period. An Automatic Phase 1 customer is one who has made a payment in the most recent billing period. A customer should be recorded in the reporting period where the adjustment is made in their account.
Total value of DRS Adjustment for Automatic Phase 1 customers in this reporting period	To identify the total value of eligible debt written off through a DRS Adjustment in the reporting period for Automatic Phase 1 customers, disaggregated by payment method and account type.	Suppliers should record the total value in £ of DRS Adjustments made on the accounts of Automatic Phase 1 customers, as defined above, in this reporting period. An adjustment should be recorded in the reporting period where it is applied to the customer account. This should be disaggregated by the payment method (DD, SC, PPM) and account type (dual fuel, gas only, electricity only).
Total number of non-automatic Phase 1 customers receiving DRS Adjustment in this reporting period	To identify the non-automatic Phase 1 customers receiving a DRS Adjustment in the reporting period, disaggregated by payment method and account type.	Suppliers should record the total number of Non-automatic Phase 1 customers receiving a DRS Adjustment in the reporting period. A Non-automatic Phase 1 customer is one who has made a regular payment in the most recent billing period.

Delivery Guidance – Debt Relief Scheme

Data Metric	Purpose	Explanatory Note
Adjustment in this reporting period	method and account type, and identifying the engagement route selected by the customer.	period but who receives DRS Adjustment. A customer should be recorded in the reporting period where the adjustment is made in their account. Suppliers should also record which of the three alternative engagement routes (adoption of a repayment plan, payment through Fuel Direct, referral to a Debt Advice Service) has been taken to meet the Engagement Condition.
Total value of DRS Adjustment for Non-automatic Phase 1 customers in this reporting period	To identify the total value of eligible debt written off through a DRS Adjustment in the reporting period for Non-automatic Phase 1 customers, disaggregated by payment method and account type.	Suppliers should record the total value in £ of DRS Adjustments made on the accounts of Non-automatic Phase 1 customers, as defined above, in this reporting period. An adjustment should be recorded in the reporting period where it is applied to the customer account. This should be disaggregated by the payment method (DD, SC, PPM) and account type (dual fuel, gas only, electricity only). Suppliers should also record the aggregate value of DRS Adjustment made through each of the three alternative engagement routes (adoption of a repayment plan, payment

Delivery Guidance – Debt Relief Scheme

Data Metric	Purpose	Explanatory Note
		through Fuel Direct, referral to a Debt Advice Service) has been taken to meet the Engagement Condition.
Total number of complaints related to the scheme including nature of complaints	To identify the total number of complaints and any reoccurring themes	In this space suppliers will record the total number of customers that meet eligibility criteria in specified calendar month split by: a) customers previously engaged (i.e. already making repayments) b) customers who have agreed to an engagement route (i.e. Fuel Direct Scheme, repayment plan, referral to Debt Advice Service) If not applicable, state “N/A”.