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interested parties

Email: solrlevyteam@ofgem.gov.uk

21 August 2026

Last Resort Supply Payment Claim from EDF Energy Customers Limited

On 4 June 2026, EDF Energy Customers Limited ("EDF") gave notice to Ofgem of its final True-up Claim for a Last Resort Supply Payment (LRSP) in relation to acting as Supplier of Last Resort (SoLR) to customers of the former Utility Point Limited ("Utility Point").

Under Standard Licence Condition (SLC) 9.1 of the Electricity and Gas Supply Licences, SoLRs are entitled, provided Ofgem consents, to make a claim for a LRSP from each Relevant Gas Transporter and Relevant Distributor. The claim from EDF included its calculation of the claim amount and information to support the calculation.

This letter sets out the reasons why we are minded to **partially consent** to EDF's final True-up Claim.

In summary, we are minded-to consent to EDF making a claim for costs incurred in complying with a Last Resort Supply Direction¹ relating to protecting the credit balances owed to former customers of Utility Point. This includes a final credit balance claim of **£8,128.05** and reflects a recovery of £9,492,353.99 from the administrators of the former Utility Point Limited, resulting in a **net repayment position of £9,484,225.94 (plus applicable interest)**. We are, however, minded to reject EDF's proposed calculations on working capital amounts and other costs and, to **adjust EDF's total credit balances claim amount by -£9,492,353.99 to reflect a recovery from the administration of the former Utility Point**.

During winter 2021/22 we introduced a number of changes to the LRSP claim process, which were designed to ensure that the SoLR process continues to protect consumers in volatile market conditions. As part of that faster multiple-claim levy process, each of the SoLRs entered into a True-up Agreement with us. Under this True-up Agreement between EDF and Ofgem, Initial and Subsequent Levy Claims and a final True-up Claim may be made.

EDF has indicated that it wishes to close the True-up Agreement for Utility Point, and we are therefore minded to consider this claim to be a final True-up Claim for the purposes of the True-up Agreement.

¹ [Utility Point - SoLR Direction \(EDF\) - gas.pdf](#); [Direction to appoint EDF Energy Customers Limited as Electricity Supplier of Last Resort for customers of Utility Point Limited | Ofgem](#)

The purpose of this consultation letter is to provide interested parties with an opportunity to make any representations to us, ahead of us making our final decision. We will consider any representations before making our final decision.

In addition, before we make our final decision, we will conduct an additional assurance process in respect of the calculations contained in our minded-to position, the results of which may also be reflected in our final decision.

We expect to make our final decision in September 2026.

Background

The SoLR process

Electricity and gas supply is a competitive activity in Great Britain. While competition has the potential to bring many benefits to consumers, in a competitive market, companies that are not operating efficiently may fail. This applies as much in relation to the gas and electricity supply markets as it does to other markets.

It is Ofgem's statutory duty to protect customers' interests when suppliers fail. When a supplier fails, our focus is to ensure continuity of supply for its customers and to minimise wider negative impacts on the market.

Ofgem can ensure continuity of supply to the failed supplier's customers and minimise these wider negative effects by appointing a SoLR, which is issued with a Last Resort Supply Direction requiring it to supply the failed supplier's customers at very short notice².

Failed Supplier event

On 17 September 2021, we appointed EDF as the SoLR³ for Utility Point gas⁴ and electricity⁵ customers, following an announcement that Utility Point had ceased trading. This followed an appointment process aimed at getting the best deal for consumers. We outlined the material factors behind our decision to appoint EDF as the SoLR to those customers in our decision letter published on 23 June 2022⁶.

EDF claim

EDF indicated at the time of our SoLR appointment process that it would not waive its right to make a claim for LRSP for credit balances and certain other costs.

The initial claim(s) were consented to on 17 December 2021⁷ and a subsequent claim was consented to on 20 December 2022⁸ and 14 December 2023⁹. Consistent with the terms of

² The obligation for a supplier to comply with a LRSD derives from standard licence condition 8 of each supplier's gas and electricity supply licences and is intended to ensure a universal service for Great British energy consumers (for further information on this universal service, see Articles 3(3) of the EU Directives 2009/72/EC and 2009/73/EC).

³ [Ofgem appoints EDF to take on customers of Utility Point | Ofgem](#)

⁴ [Utility Point - SoLR Direction \(EDF\) - gas.pdf](#)

⁵ [Direction to appoint EDF Energy Customers Limited as Electricity Supplier of Last Resort for customers of Utility Point Limited | Ofgem](#)

⁶ [Decision Letter - Utility Point.pdf](#)

⁷ [EDF Energy Customer Ltd - LRSP Notice of Reasons - for UtilityPoint Limited.pdf](#)

⁸ [Decision on last resort levy true-up claims 2022 | Ofgem](#)

⁹ [Decisions on Last Resort Supply Payment Claims 2023 | Ofgem](#)

that consent and the True-up Agreement between the SoLR and Ofgem, we have taken those claims into consideration in reaching our minded-to position on this claim.

Summary of our minded-to decision

Based on the information available and consideration of the circumstances in which the claims for LRSPs by EDF are being claimed in relation to customers of the former Utility Point, Ofgem is minded-to consent to EDF's final True-up Claim for Utility Point, subject to our final assessment of the repayment due to networks.

Under the Supplier SLCs we are required to consider on a case-by-case basis whether in the circumstances it is appropriate for a SoLR to make a claim for a LRSP. We have set out below our reasons for our position for this case. This should not be taken as setting a precedent for any future claims, which would also be considered on their merits and on a case-by-case basis, taking into account all relevant circumstances of the particular case.

Table 1: Summary table of approved initial and subsequent claims and final True-up Claim

Item	Cost	Initial Claim	First subsequent claim	Second subsequent claim	This claim (as submitted)	Minded-to position on Final True-up claim
1	Wholesale	£152,080,979.69	£44,326,844.00	£868,367.95	£0.00	£0.00
2	Credit Balances	£0.00	£32,844,848.10	£53,564.97	£8,128.05	-£9,484,225.94
3	Working Capital	£9,151,752.13	£8,225,432.14	£399,392.57	£221,556.39	£0.00
4	Other Costs	£2,478,111.09	£3,400,752.84	£2,309,627.77	£1,688.00	£0.00
	Total	£163,710,842.91	£88,797,877.08	£3,630,953.26	£231,372.44	-£9,484,225.94

Table 2: Summary table of cumulative minded-to approved LRSP total (including minded-to amounts)

Item	Cost	Final LRSP total (incl. minded-to amounts)
1	Wholesale	£197,276,191.64
2	Credit Balances	£23,414,187.13
3	Working Capital	£17,776,576.84
4	Other Costs	£8,188,491.70
	Total	£246,655,447.31

Reasons for our minded-to decision

Cost category: Credit balances

Under SLC 9.4(b) a SoLR can claim 'any sums paid, or debts assumed by the licensee to compensate any Customer in respect of any Customer Credit Balances'.

Decision:

EDF has submitted a claim of **£8,128.05** for credit balances repaid to date to ex-customers of Utility Point as part of its final True-up Claim. Further to this, EDF has also informed us

of a recovery of credit balance amounts from the administrators of Utility Point of **£9,492,353.99**.

We consider that the amount claimed is consistent with the definition of Customer Credit Balances in SLC 9.4(b) and we are minded to consent to £8,128.05 for this claim. In line with the True-up Agreement, we have reflected the administrator recovery in our minded-to assessment of the final True-up position. As a result, EDF's net position for this claim would be -£9,484,225.94, plus applicable interest to be determined. We have set out our rationale for this position below.

Table 3: Summary of final True-up Claim and minded-to position for credit balances

Item	Cost	Initial and Subsequent Claims Previously Approved	Final True-up Claim Submitted	Recovery from administrators for Credit Balances	Minded-to position on Final True-up Claim
2	Credit Balances	£32,898,413.07	£8,128.05	£9,492,353.99	-£9,484,225.94

Rationale for decision

As part of our assessment of the closed account credit balances, our position is that costs incurred by SoLRs as a result of credit balance refunds being made by cheque should only be recovered by the supplier through the levy once that cheque is cashed. This is to avoid consumers bearing the cost of compensation for credit balances that are yet to be received or not cashed by customers of the failed supplier and to ensure the SoLR does not benefit from a situation where some cheques are never cashed.

EDF has submitted evidence as part of its claim demonstrating instances where previously disallowed uncashed cheques have since been cashed by former customers of Utility Point.

As noted above EDF has informed Ofgem of a recovery from the administration of Utility Point of £9,492,353.99.

The purpose of the True-up process is to ensure the final position reflects actual costs and recoveries before the agreement is closed, thereby preventing over recovery by the SoLR and ensuring any recoveries are returned to consumers via the levy arrangements. Consistent with the True-up and LRSP consents, where a SoLR has received payments for credit balances through the levy arrangements and subsequently receives a recovery from the insolvency estate in respect of the same underlying costs, that recovery should be reflected through the True-up process.

To date, EDF has claimed £32,898,413.07 through the levy arrangements in respect of customer credit balance refunds. Following receipt of £9,492,353.99 from the Utility Point administration, we consider that the amount previously recovered through the levy now exceeds the final amount that should remain compensated under the levy arrangements.

EDF should therefore return this recovery to consumers via the industry levy and we have adjusted our minded-to amounts to reflect this. Interest will also be calculated on the recovery amount in line with the True-up document and published in the relevant directions.

Cost category: Working capital

Our published policy on the multi-claim process¹⁰ sets out the requirements for SoLRs seeking to claim financing or working capital costs. It also sets out the requirement for SoLRs to demonstrate, with evidence, that their financing cost claim delivers value for money for consumers and is the best possible rate they could achieve given their individual circumstances.

Decision:

EDF's claim includes £221,556.39 for the cost of working capital. EDF asserts that this claim reflects the financing costs associated with refunding customers credit balances; costs EDF incurred after being appointed as SoLR.

We consider that the claimed amount is not consistent with our criteria and commitments made at the bidding stage, and we are minded to refuse consent for the claim.

Table 4: Summary of final True-up Claim and minded-to position for working capital

Item	Cost	Initial and Subsequent Claims Previously Approved	Final True-up Claim Submitted	Deductions	Minded-to position on Final True-up claim
3	Working Capital	£17,776,576.84	£221,556.39	£221,556.39	£0

Rationale for decision:

When a SoLR is appointed, it incurs costs associated with taking on the new customers (purchasing energy for new customers, migration costs etc) which need to be financed. There are a range of ways in which SoLRs can finance this activity. Regardless of the finance option used, there is a cost in doing so. These financing costs vary based on the individual characteristics of the supplier (e.g. the size of the supplier, the perceived level of risk the supplier has, whether or not the supplier is part of a group etc).

Under the supply licence, suppliers may seek to recover some of the financing costs that they have faced in acting as a SoLR through the levy. Interest on working capital used to finance the reasonably incurred costs of supplying SoLR customers may be included in a SoLR levy claim, provided those costs cannot be recovered through customer charges and are consistent with commitments made by the SoLR during the bidding process.

After reviewing EDF's submission, we are minded to reject the claim amount as we have determined it is not consistent with our criteria and the commitments made by the SoLR at the bidding stage. EDF committed to honour a portion of customer credit balances rather than seeking recovery through the levy arrangements. As that portion was agreed to be borne by EDF, we do not consider that working capital costs associated with financing those amounts to be recoverable through the levy. We instead are minded-to include the full recovery amount (without any deduction for working capital) in the credit balance category

¹⁰ <https://www.ofgem.gov.uk/publications/decision-last-resort-levy-claims-true-process>

of this claim as noted in the “credit balances” cost category section above. As a result, the overall approved working capital amounts for the Utility Point SoLR remain unchanged.

Cost category: “Other costs”

We understand that other costs may have been incurred when undertaking activities as part of becoming a SoLR (for example, legal fees). We have used the criteria set out in our published decision on the last resort levy claims true-up process¹¹ to assess whether it is appropriate for these costs to be recovered through a LRSP. The other costs that EDF has claimed are detailed below alongside our minded to position.

Decision:

EDF’s final True-up Claim includes **£1,688.00** for other costs associated with acting as a SoLR for former customers of Utility Point.

We consider that the claimed amount is not consistent with our criteria, and we are minded-to refuse consent for the claim.

Table 5: Summary of final True-up Claim and minded-to position for “other costs”

Item	Cost	Initial and Subsequent Claims Previously Approved	Final True-up Claim Submitted	Deductions	Minded-to position on Final True-up Claim
4	Other Costs	£8,188,491.70	£1,688.00	£1,688.00	£0

Rationale for decision:

The **£1,688.00** claim for legal costs under the “other costs” category was submitted as part of EDF’s final True-up Claim for Utility Point.

The costs incurred in dealing with these legal issues relating to EDF’s SoLR role should be additional to those that it would have faced in the course of its normal retail operations, and not recoverable in any other way. In the process of our assessment, we considered whether these are clear and evidenced costs that EDF would not have otherwise incurred.

While EDF has sought consent for these costs, at this stage, we are not satisfied that the evidence provided confirms that this part of the claim meets our criteria that the costs incurred must be additional.

Therefore, we are minded to refuse consent for the “other costs” portion of EDF’s claim.

Recovery of excess

The final directions will set out the amounts to be returned or adjusted through the relevant levy arrangements, including the repayment associated with recoveries from the

¹¹ <https://www.ofgem.gov.uk/publications/decision-last-resort-levy-claims-true-process>

Utility Point administration. Final directions will be published detailing the final amounts, including interest, that shall be returned to consumers via the network operators in proportion to the total number of nationwide gas and electricity supply points.

Minded-to position on termination of the True-up Agreement

Although our minded-to position indicates that EDF will repay a net amount to the levy, we are minded to treat EDF's submission for Utility Point as a Valid Final Levy Claim for the purposes of the True-up Agreement.

The decision letter for this final valid claim would therefore be considered the Notice of Termination as set out under clause 2.2(c) of the True-up Agreement. Termination of the True-up Agreement would be under the condition that any subsequently identified recovery from the liquidation of Utility Point be returned to consumers via the Levy process.

Next steps

The purpose of this letter is to provide the SoLR and interested parties with an opportunity to make any representations to us, ahead of us making our final decision on this LRSP claim. **We invite any representations by 4 September 2026.** Responses should be emailed¹² to solrlevyteam@ofgem.gov.uk.

We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so that they can be placed easily on our website and to minimise administrative costs.

We will take into account all relevant information, including any representations we receive, and the results of our internal assurance of our assessment process in reaching our final decision on EDF's claim. We expect to make our final decision in September 2026.

Yours faithfully,

Elaine Hutcheson

Deputy Director, Financial Resilience and Controls

¹² Although we prefer responses in electronic format, responses can be posted to the address below.