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23 October 2026

**Last Resort Supply Payment Claim from British Gas Trading Limited**

On 3 June 2026, British Gas Trading Limited ("British Gas") gave notice to Ofgem of its claim for a Last Resort Supply Payment (LRSP) in relation to acting as Supplier of Last Resort (SoLR) to customers of the former Rebel Energy Supply Ltd ("Rebel Energy").

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

On 25 September 2026, we published a minded to position for consultation in relation to that claim and invited consultation responses. We received one response to the minded-to position consultation.

**Decision**

After taking into consideration the results of our internal assurance process and the response to our minded-to consultation, we have decided to consent to British Gas making an LRSP claim of up to **£7,016,925.65** in relation to acting as the SoLR for Rebel Energy.

This letter is the notice of reasons for our decision on this initial claim for the costs incurred in complying with a Last Resort Supply Direction in relation to:

- protecting the credit balances owed to former customers of Rebel Energy; and
- Other Costs associated with implementing and maintaining a Transitional Services Agreement with the Administrator.

We have assessed this LRSP claim in accordance with our policy published on 21 September 2022[1] and consistent with our published *Guidance on supplier of last resort and energy supply company administration orders.*[2] In addition, in making this decision we have had regard to our principal objective of protecting the interests of current and future energy consumers[3], the public sector equality duty[4], relevant licence provisions, and the particular circumstances of the case.

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. Following consultation, we decided to make the faster multiple claim levy process a permanent part of the LRSP claims framework. Under this framework, each SoLR that has entered into a true up agreement with us may submit Initial and Subsequent Levy Claims and a final True Up Claim.

We set out in the consultation that we were minded to treat this claim as an Initial Levy Claim and require British Gas to sign a deed of undertaking as a condition of consenting to the claim outlined below.

Following our consultation, and considering the response, we consider that this remains a reasonable approach. Accordingly, we have decided to treat this claim as an Initial Levy Claim and have made our consent conditional on British Gas signing the required deed of undertaking. This will enable British Gas to submit additional LRSP claims with supporting evidence for costs that have not yet been approved by us. The obligations under the True Up Agreement between British Gas and Ofgem will continue to apply until a final True Up Claim has been submitted and finalised.

Nothing in this decision should be taken as setting a precedent for any future claims (by British Gas or otherwise), which would also be considered on their merits and on a case-by-case basis, taking into account all relevant circumstances.

An overview of British Gas's LRSP claim together with the reasons for decision with respect to this claim are set out below.

## 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 our 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.

[1] Decision on last resort levy claims true-up process | Ofgem
[2] Supplier of Last Resort: Revised Guidance 2016 | Ofgem
[3] s4AA Gas Act 1986 and s3A Electricity Act 1989
[4] *Equality Act 2010* Part 11 Sections 149 to 157 Equality Act 2010 (legislation.gov.uk)

We 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 notice.[5]

*Failed Supplier event*

On 6 April 2025, we appointed British Gas as the SoLR for Rebel Energy gas[6] and electricity customers[7], following an announcement that it 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 British Gas on 8 May 2025.[8]

*Decision-making process*

Under SLC 9.5, we must decide whether it is appropriate in all the circumstances of the case for the SoLR to make the LRSP claim notified to Ofgem in accordance with Standard Licence Condition 9.3. In making this decision we have considered evidence provided by British Gas, our own knowledge of the energy markets, and the response to our consultation on the minded-to position on this claim.

In exercising this decision-making function, we have had regard to the interests of current and future consumers of gas and electricity and considered the public sector equality duty.

We published a minded-to position on this claim on 25 September 2026 and invited consultation responses. We received one response.

*Overview of British Gas's claim*

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

## Summary of decision

Based on the information available and consideration of the circumstances relating to British Gas's LRSP claim for customers of the former Rebel Energy, we have decided to consent to an LRSP claim of up to **£7,016,925.65**.

[5] 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).

[6] Direction-to-British-Gas-Trading-Limited-gas.pdf

[7] Direction-to-British-Gas-Trading-Limited-elec_0.pdf

[8] Appointment of British Gas Trading Limited as Supplier of Last Resort - decision_0.pdf

*Table 1: Summary of claim, minded-to position and decision*

| Item | Cost | Initial Levy Claim Submitted | Minded to position on Initial Levy Claim | Decision on Initial Levy Claim |
|---|---|---|---|---|
| 1 | Credit Balances | £6,283,539.65 | £6,283,539.65 | £6,283,539.65 |
| 2 | Other Costs | £733,386.00 | £733,386.00 | £733,386.00 |
| | Total | £7,016,925.65 | £7,016,925.65 | £7,016,925.65 |

**General points raised in consultation**

We received one response to the minded-to consultation on British Gas's claim for Rebel SoLR costs. This response raised concerns with the British Gas administration of the migration of Rebel customers, service standards and tariffs. We have considered this response and have assessed it does not provide a basis for adjusting our minded-to position in relation to British Gas's LRSP claim.

**Reasons for decision**

We set out our general approach to SoLR levy claims in our September 2022 policy decision.[9]

Our general preference is for a SoLR not to make a LRSP claim for costs it has incurred carrying out its role. However, we recognise that circumstances may exist which would justify a departure from this general rule. We recognise that the costs of this claim will ultimately be paid by consumers. In our assessment of the claim, consideration has been given to the interests of current and future consumers, particularly those in more vulnerable circumstances.

In the particular circumstances of this claim, and in line with the relevant licence conditions, we consider it appropriate to allow for the additional and otherwise unrecoverable costs included in this claim to be recovered via a LRSP. We consider it to be in the interest of current and future consumers to allow this claim to ensure that the safety net provided by the SoLR process remains viable into the future, and the stability of the retail energy market is not further undermined to the detriment of all consumers.

**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'. Our published guidance sets out circumstances in which we may consider it appropriate to approve a claim for the amount a SoLR spends compensating customers holding a positive credit balance with a failed supplier.

*Decision*

British Gas claimed **£6,283,539.65** for credit balances repaid to date to customers of Rebel Energy. We consider that the claimed amount is consistent with SLC 9.4(b).

[9] Decision on last resort levy claims true-up process | Ofgem

*Table 2: Summary of claim, minded-to position and decision for credit balances*

| Item | Cost | Initial Levy Claim Submitted | Minded to position on Initial Levy Claim | Decision on Initial Levy Claim |
|---|---|---|---|---|
| 1 | Credit Balances | £6,283,539.65 | £6,283,539.65 | £6,283,539.65 |

*Summary of minded-to position*

British Gas requested our consent to claim **£6,283,539.65** through a LRSP for the cost of refunding credit balances of customers and former customers held at the time British Gas was appointed as SoLR for Rebel Energy. Where British Gas had compensated customers for credit balances by issuing cheques, we were minded to allow British Gas to claim the value of the cheques that had been cashed.

*Reasons for decision*

We are satisfied that British Gas has provided evidence demonstrating instances where credit balances have been refunded to customers of Rebel Energy who were transferred to British Gas as part of the SoLR process and cheques that have been cashed by former customers of Rebel Energy. As explained in our minded to position, we do not consider that it would be appropriate to allow SoLRs to claim for closed account credit balance cheques until the point that they are actually 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 this.

We have therefore decided to consent to a LRSP claim of **£6,283,539.65** for sums paid to compensate customers for credit balances.

**Cost category: Other Costs**

We understand that other costs may have been incurred when undertaking activities as part of becoming a SoLR. We have used the criteria set out in our published decision on the last resort levy claims true up process to assess whether it is appropriate for these costs to be recovered through a LRSP.

*Decision*

British Gas's claim includes **£733,386.00** for "Administrator Costs" associated with acting as a SoLR for former customers of Rebel Energy. We consider that the evidence submitted demonstrates that the claimed amount is consistent with our criteria and we have decided to grant consent to the Other Costs portion of the claim without deductions.

*Table 3: Summary of claim, minded-to position and decision for credit balances*

| Item | Cost | Initial Levy Claim Submitted | Minded to position on Initial Levy Claim | Decision on Initial Levy Claim |
|---|---|---|---|---|
| 2 | Other Costs | £733,386.00 | £733,386.00 | £733,386.00 |

British Gas requested our consent to claim **£733,386.00** for "Administrator Costs" to implement and maintain a Transitional Services Agreement. We consider that British Gas has provided sufficient evidence, including the relevant agreement document, invoices and an explanatory narrative to support its claim. This satisfies us that these costs were additional, directly incurred as part of the SoLR role, otherwise unrecoverable, unavoidable and efficient in relation to British Gas's role as a SoLR for Rebel Energy. We have therefore decided to consent to the Other Costs claim component as submitted.

**Next steps and True Up Agreement**

We have decided to treat this claim as an Initial Levy Claim under the True Up Agreement between British Gas and Ofgem. Our consent to this LRSP claim is conditional on British Gas signing the required deed of undertaking. This means that British Gas may submit subsequent claims and a final True Up Claim in future years with supporting evidence for costs that have not yet been approved by us.

The obligations under the True Up Agreement will continue to apply until a final True Up Claim has been submitted and finalised. British Gas should continue to retain and provide supporting evidence for any future LRSP claims made under the True Up Agreement.

Yours faithfully,

**Elaine Hutcheson**
**Deputy Director, Financial Resilience and Controls**