

Licensed Electricity Suppliers

Email: REDevelopment@ofgem.gov.uk

Date: 10th February 2015

Dear Sir/Madam

Offtaker of Last Resort (OLR): Upcoming determination of mandatory suppliers for the first OLR year

In autumn 2014 the Department of Energy and Climate Change (DECC) finalised the provisions¹ for the Offtaker of Last Resort (OLR). As administrators we must determine which licensed electricity suppliers are to be mandatory licensed suppliers for the OLR in any given OLR year.

This letter sets out:

- what an OLR mandatory licensed supplier is
- the timetable for determinations and
- how we intend to determine mandatory suppliers for the first OLR year.

It also requests contact details from each supplier to make communication easier.

What is an OLR mandatory licensed supplier?

Mandatory licensed suppliers must comply with the requirements to be placed on them by the proposed Condition 38A of the Electricity Supply Licence Conditions².

We will determine if a supplier is a mandatory licensed supplier for the OLR from aggregated electricity supply figures. This is the total amount of electricity you and any affiliate of yours supply to customers³ in the applicable OLR year. You will be a mandatory licensed supplier in relation to the forthcoming OLR year if your total supply is greater than, or equal to, 6% of the total electricity supplied by all licensed electricity suppliers in Great Britain in the applicable OLR year (see table below).

Timings

The table below sets out the timetable, as well as the data to be used, for determining mandatory licensed suppliers, as set out in the Power Purchase Agreement Scheme Regulations 2014.

¹ [The Power Purchase Agreement Scheme Regulations 2014](#) and condition 38A of the Electricity Supply Standard Licence Conditions, which can be found on the [DECC Website](#), where further information about the OLR is also available.

² Subject to the Parliamentary process the OLR licence modifications will come into force in mid-March. The indicative licence modifications can be found on the [DECC website](#).

³ See condition 1 of the [Electricity Supply Standard Licence Conditions](#) for definitions of the terms 'affiliate' and 'customers'

	OLR year 1	OLR year 2	OLR year 3
Obligation period	1 October 2015 – 31 March 2016	1 April 2016 – 31 March 2017	1 April 2017 – 31 March 2018
Mandatory Notice to be issued by	1 April 2015	1 September 2015	1 September 2016
Applicable OLR year (supply data period)	1 October 2013 – 30 September 2014	1 April 2014 – 31 March 2015	1 April 2015 – 31 March 2016

As you will see, we have to undertake the first determination of mandatory suppliers by 1 April 2015 – before the scheme opens to generators on 1 October 2015.

The first determination

To fulfil our duty in relation to the first OLR year, we intend to use the relevant total supply figures that you provided to us during 2014 for the purposes of administering the Renewables Obligation and Feed-in Tariff schemes. Using this data will be the easiest administrative option – both for you and for us. We consider that any re-submissions of data would not affect the outcome of our determination.

If as a result of analysing this data we determine that you are required to participate in all auctions between 1 October 2015 and 31 March 2016 **we will send you a Mandatory Notice by 31 March 2015**. This notice will contain further details about your obligations as a mandatory licensed supplier. We will also publish a list of the mandatory licensed suppliers on our website by 1 April.

Ongoing determinations

Later this year we will publish, for consultation, guidance with details of our intentions for future determinations. We anticipate co-ordinating data submissions with other schemes we administer to reduce duplication.

Request for OLR contacts

To support the ongoing administration of the OLR and to ensure we contact the appropriate person(s) at your organisation, we intend to establish a database of OLR contacts. We have included in this database the contact details we already hold for authorised signatories at your organisation⁴. However if you would prefer to nominate additional or alternative suitable contact(s) for OLR matters at your organisation, please send their names and contact details to the email address below. **Please submit these details by 2 March 2015**.

If you have any questions regarding the content of this letter, the OLR in general, or the contact details we already hold for your organisation, please do not hesitate to contact us by emailing REDevelopment@ofgem.gov.uk.

Yours faithfully,

Charles Hargreaves

⁴ These are the contacts we use in relation to Feed-in Tariff, Warm Home Discount and Energy Companies Obligation communications.