

LAST RESORT SUPPLY DIRECTION

Date: 7 August 2019

Direction made by the Gas and Electricity Markets Authority under standard condition 8 of the gas supply licence granted or treated as granted under section 7A(1) of the Gas Act 1986 to Southern Electric Gas Limited

To: Southern Electric Gas Limited (Company Number: 02716495)

Whereas:

- A. The Gas And Electricity Markets Authority (the "**Authority**") has the principal objective under section 4AA(1) of the Gas Act 1986 (the "**Act**") to protect the interests of consumers in relation to gas conveyed through pipes.
- B. The Authority's general duties include the duty under section 4AA(2)(a) of the Act to have regard to the need to secure that all reasonable demands for gas are met.
- C. Circumstances have arisen which entitle the Authority to revoke the gas supply licence of Cardiff Energy Supply Limited (company registration number 09054885 ("**Cardiff**").
- D. Southern Electric Gas Limited (the "**Licensee**") is the holder of a gas supply licence (the "**Licence**") granted or treated as granted under section 7A(1) of the Act.
- E. The Authority has the power under paragraph 1 of standard condition 8 (the "**Condition**") of the Licence to direct the Licensee to supply gas to the customers of another gas supplier.
- F. The Authority considers that the Licensee could comply with a last resort supply direction in respect of customers of Cardiff without significantly prejudicing its ability to continue to supply its existing customers and to fulfil its contractual obligations for the supply of gas.

Therefore:

Pursuant to the Condition of the Licence, the Authority hereby directs the Licensee to supply gas to all legal and natural persons which were being supplied by Cardiff in its capacity as a licensed gas supplier at the time and date which immediately precedes the time and date this

direction takes effect ("**Relevant Persons**"), and otherwise in accordance with the terms of this direction, the terms of the Condition and any information or instructions which may be provided by the Authority for the purposes of identifying Relevant Persons.

This direction shall take effect on and from 05:01 hours on 9 August 2019 and shall continue in force for a period of six months on and from the date on which this direction takes effect.

Reasons for the Direction

The Authority having had regard to its guidance and the small number of customers affected by this case, decided to revoke Cardiff's gas supply licence and appoint the Licensee as supplier of last resort in order to ensure continuity of supplies of gas to Cardiff's customers and payment of charges.

The Authority decided not to request expressions of interest from suppliers to act as the supplier of last resort given the small number of Cardiff customers and because the Licensee has recently been appointed as supplier of last resort for the former customers of Brilliant Energy Limited. The Authority selected the Licensee to be the supplier of last resort for Brilliant Energy Limited's former customers through a competitive process during which the Authority sought expressions of interest from energy suppliers that had expressed an interest in volunteering as a potential supplier of last resort. In that case, the Licensee was selected pursuant to the Authority's published selection criteria, having satisfied the Authority that the interests of customers would be best served by the Licensee's appointment. We have taken the decision to appoint the Licensee to act as the supplier of last resort for Cardiff's customers in light of the Authority's principal objective to protect the interests of consumers, particularly because the Licensee has agreed to offer the same protections to Cardiff's customers as it had provided to Brilliant Energy Limited's former customers. In these circumstances, the Authority considers that it would be disproportionate to conduct a further competitive selection process for a small number of customers.

Signed

Philippa Pickford

Authorised on behalf of the Authority

7 August 2019