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Office of Gas and Electricity Markets  
9 Millbank,  
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**Via Email.**

### **Proposed modifications to SoLR supply licence conditions**

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Dear Lesley,

Thank you for the opportunity to respond to the above consultation. We support the proposed changes in the consultation. We would however like to take the opportunity to raise an additional area Ofgem may wish to consider in making changes to the SoLR arrangements.

Our concern relates to potential shipper financial exposure if the supplier, on whose behalf gas is shipped, becomes insolvent. Specifically, our concern relates to costs incurred by the incumbent shipper during the period between an SoLR being appointed and the SoLR's nominated shipper taking over the meter points supplied by the incumbent shipper. The incumbent shipper is required to continue to supply the remaining customers of the insolvent supplier, incurring commodity and transportation costs, while the newly appointed SoLR has started receiving revenue. Whilst a SoLR may, subject to Ofgem approval, recover costs associated with its role as a SoLR, there is no obligation on the SoLR to seek to recover the costs on behalf of the incumbent shipper. We note that in the period prior to entering SoLR where an Insolvency Practitioner is appointed Ofgem have said that *"we do not consider that it is acceptable for an Insolvency Practitioner to continue to supply without agreeing to pay the appropriate energy balancing and network charges"*. We request that similar wording should be included in the SoLR guidance document/criteria list around the selection of SoLR.

In addition, a potential SoLR should be required to set out their intentions towards the incumbent shipper and confirm proven costs incurred by the incumbent shipper will be paid for the period between the insolvency of the existing supplier and SoLR's nominated shipper taking over the meter points. We ask that Ofgem include the recovery of such costs in the SoLR guidance document.

Whilst we appreciate that the UNC touches on shipper responsibilities in relation to an SoLR event, we do not believe it currently mitigates the risk identified above. As a signatory to the UNC it is possible for BPGM to raise a UNC modification proposal, however we believe this should not be considered ahead of far less complex options, such as changing the SoLR guidance or licence (where other changes are being made) are available.

We believe such a change could facilitate entry into the market of participants offering shipping services to other existing and new suppliers. In our view greater entry into the shipper services

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market could enhance competition, particularly considering the significant number of new entrants into the retail market.

Yours faithfully,

Ijaz Rasool