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Lesley Nugent  
Head of Industry Codes and Licensing  
Ofgem  
10 South Colonnade  
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11<sup>th</sup> July 2018

Dear Lesley,

Thank you for providing the opportunity to respond on your Proposed modifications to Supplier of Last Resort (SoLR) supply licence conditions.

Hudson Energy Supply UK Limited provide energy to domestic customers as Green Star Energy. We were pleased to be the appointed SoLR for the recent failure of Future Energy Limited and provide support to this suppliers customers.

We welcome your proposals to clarify the rules regarding recovery of costs for protecting the credit balances of all customers of the failed supplier. We also welcome the extension to the timescales to assess and make a claim under the industry cost recovery mechanisms.

However, we do note that the proposal to amend the licence to clarify that balances protected are net credit balances taking account of all unbilled charges for consumptions, places an undue burden on any appointed SoLR. The appointed SoLR may not have access to metered data or payment history or systems of the failed supplier. This may prevent reasonable transfer reads being determined for the SoLR date and result in the appointed SoLR having insufficient information to explain to customers any adjustment in credit balances. Further, Ofgem has no formal regulatory oversight of the appointed administrator to ensure that calculations are done in a reasonable timeframe in collaboration with the appointed SoLR and in accordance with industry provisions, particularly the prohibition on back-billing supported by SLC21BA. The administrator is not bound by timescales related to production of final bills or under any obligation to ensure these are provided in a timely fashion that could be coordinated with regular billing of the appointed SoLR. Indeed the administrator is not under any obligation to provide final bills at all. This risks significant consumer disatisfaction and harm.

When a Supplier fails, Ofgem executes a process to revoke the licence of the failing supplier, removing any oversight of the administrator as a result. We recommend Ofgem explores whether a licensable activity should exist for a failed supplier's administrator. Either as a form of restricted licence rather than revocation or as a specific additional role. This would permit Ofgem to maintain regulatory oversight of the appointed administrator and ensure consumer protection is maintained. Ofgem could also ensure that collaboration between administrator and the appointed SoLR could be maximised to support customer query management. Currently an administrator can be more focused on recovering money for shareholders and creditors than on protecting consumers.

One potential unintended consequence of these changes is that suppliers may be reluctant to volunteer to provide SoLR services due to the increased burden on confirming net credit

balances with insufficient access to data. We encourage Ofgem to look to progress changes to strengthen regulatory oversight of failed supplier administrators at the same time as these changes.

If you would like to discuss any part of our response, please contact [jevans@justenergy.com](mailto:jevans@justenergy.com).

Kind regards

James Evans