



Ofgem
10 S Colonnade,
London,
E14 4PU

10 December 2021.

Dear SoLR team,

Recognition of renewables commitments when appointing a Supplier of Last Resort (SoLR)

Thank you for the email received by the GGCS from Ofgem's SoLR team on 22/12/2020 (included as an appendix to this letter) confirming that the SoLR process does not reference renewable supply commitments in any way. Having considered your email, we would like to highlight the consumer detriment we see arising from the current process, and to suggest a possible solution.

Ofgem's stated mission is to protect consumers and ensure they are treated fairly. We are of the view that including renewable supply commitments within the SoLR process would further that aim. As we have mentioned in our previous email exchange we operate an industry-led registry for issuing, transferring and retiring Renewable Gas Guarantees of Origin (RGGOs). These are being used in a number of energy supplier tariffs to fulfil commitments to match consumers' gas use to biomethane production in the UK.

These tariffs have been recognised as the basis of green gas supply within the price cap derogation process administered by Ofgem² and also within the Government's Green Gas Levy (GGL) compliance framework. There are currently over 1.5 million households on tariffs where at least some percentage of renewable gas is being supplied.

the last two years three registered energy suppliers with renewable gas commitments to their customers have failed; Peoples Energy, Solarplicity and Tonik Energy. They have then had their customers transferred to a different supplier via the SoLR process.

At the point of failure, the GGCS could see that the green gas aspect of their renewable supply commitments had not been met, despite the customers likely paying a premium to be on these tariffs. We assume that there was also a shortfall of REGOs retired.

It is to the detriment of those customers that they were not delivered the product they paid for and there is currently no recourse available to them, or a broader system for rectifying this issue.

To reduce the chances of this consumer detriment occurring, we believe a minor addition to the current SoLR selection criteria should be made, which would increase the chances that consumers are transferred to a tariff which matched the renewables commitments of the failed supplier.

Paragraph 3.2 of the SoLR selection criteria establishes the principle that “other things being equal”, Ofgem may favour suppliers on a particular criterion, in this case those who volunteer to become an SoLR. We believe this principle should also be applied to permit Ofgem to favour suppliers who offer to maintain, or even improve on, the renewable electricity and gas commitments made by the failed supplier.

Favour could also be shown to suppliers who offer to make good shortfalls in REGOs or RGGOs that should have been retired by the failed supplier, in relation to the electricity and gas consumption of their customers.

primary purpose of the SoLR process would quite rightly continue to be “ensuring continuity of supply”, but the chances that renewable supply commitments were kept would be increased. I hope that the ideas presented in this letter can be given consideration by Ofgem when the SoLR process is next up for review.

Yours sincerely,

A handwritten signature in cursive script that reads "Virginia Graham".

Virginia Graham OBE
Chief Executive

Appendix – Email exchange between GGCS and SoLR team.

From: Supplier.Failure.Monitoring <Supplier@ofgem.gov.uk>

Sent: 22 December 2020 14:57

To: Jesse Scharf <jscharf@greengas.org.uk>; Supplier.Failure.Monitoring <Supplier@ofgem.gov.uk>

Subject: RE: SOLR [OFFICIAL]

Dear Jesse,

Thank you for your email.

Our SoLR process protects domestic consumers' credit balances, and ensures continuity of supply for all customers of a failing supplier. [Our guidance](#), which you refer to below, sets out some of the information we request from suppliers to help inform our decision. We are not aware of any suppliers who have offered to meet the renewable supply commitments of the failing supplier. We do not currently have plans to revise our SoLR guidance to include this in our selection criteria.

We appreciate that in some instances customers may be disappointed if they are switched through the SoLR process to a supplier not offering the same level of renewable supply commitments. In these circumstances, our advice to consumers is to sit tight, take a meter reading and wait until the new supplier we appoint contacts you. This will make sure the process goes as smoothly as possible. Once the process is complete, consumers will be free to switch to another tariff or supplier.

We hope you find this useful.

Kind regards,

The Ofgem SoLR team