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30 July 2021

Standard Special Condition A48: Last Resort Supply: Payment Claims

Dear Mike

The Authority made the following appointments:

- Shell Energy Retail Limited (Shell) as a Supplier of Last Resort with effect from 19 October 2018 to the customers of Usio Energy Supply Limited after the latter ceased trading.
- Ovo Gas Ltd (Ovo) as a Supplier of Last Resort with effect from 28 November 2018 to the customers of Spark Energy Supply Limited after the latter ceased trading.
- Together Energy (Retail) Limited (Together) as a Supplier of Last Resort with effect from 14 December 2018 to the customers of OneSelect Limited after the latter ceased trading.

Standard Condition 9 (Claims for Last Resort Supply Payment) of the Gas and Electricity Supply Licences provides that a Supplier of Last Resort may make a claim for a Last Resort Supply Payment to compensate for additional costs it has incurred in complying with a Last Resort Supply Direction, from relevant gas transporters and electricity distributors, where the Authority has given its consent to the amount claimed.

On 30 August 2019, Shell submitted notice of its intention to claim for a Last Resort Supply Payment (“Shell LRSP Claim”), which GEMA approved on 22 January 2020. On 28 January 2020, Shell submitted its claim to the Licensees.

On 2 April 2019, Ovo submitted notice of its intention to claim for a Last Resort Supply Payment (“Ovo LRSP Claim”), which GEMA approved on 22 January 2020. On 29 January 2020, Ovo submitted its claim to the Licensees.

On 31 January 2019, Together submitted notice of its intention to claim for a Last Resort Supply Payment (“Together LRSP Claim”), which GEMA approved on 9 September 2019. On 2 March 2020, Together submitted its claim to the Licensees.

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In accordance with Special Condition 1C, the Authority directed the following values to be recovered by Wales & West Utilities (WWU) through the MPt term for the formula year 2020/21 in respect of the LRSP Claims.

Shell	£ 18,403.00
Ovo	£ 642,907.00
Together	£ 234,552.00

In accordance with paragraph 4 of Standard Special Condition A48 (Last Resort Supply: Payment Claims) of the Gas Transporter Licences, WWU increased its transportation charges to such an extent as they reasonably estimated to be appropriate to secure that such consequential increase in their revenue equaled the specified amount. This was done through an adjustment to allowed revenue in the year through the MPt term by the amounts stated above.

With respect to the above last resort supply payments, the aggregate payments to the claimants made in respect of 2020/21 amounted to:

Shell	£ 18,403.00
Ovo	£ 642,907.00
Together	£ 234,552.00

If you have any questions on the content of this note, please do not hesitate to contact me.

Yours sincerely



Neil Henson
Director of Finance
Wales & West Utilities

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