

Gas Supplier of Last Resort: Guiding Considerations for Implementation

Consultation Paper

March 2011

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1. Introduction

This consultation paper outlines the considerations and principles which the Utility Regulator will employ when selecting and appointing a supplier of last resort or suppliers of last resort for domestic, industrial and commercial customers. We would appoint the supplier/suppliers of last resort to ensure continuity of gas supply for customers connected to the gas network if circumstances have arisen that would require us to revoke an existing gas suppliers' licence. The gas supply licence outlines the range of circumstances in which we can revoke a gas supply licence and the associated time limits.

The Gas (Supplier of Last Resort) Regulations (Northern Ireland) 2009 is more flexible than the equivalent legislation in Great Britain (GB) as the structure of the gas market in Northern Ireland (NI) is different to that in GB. In GB the whole gas market is open to competition and there are many gas suppliers supplying domestic and non-domestic customers.

In NI the Greater Belfast area is open to gas supply competition and there are currently four gas suppliers who supply non-domestic customers and two suppliers who supply domestic customers. In the ten towns area one gas company, firmus energy Ltd. has exclusivity of supply for domestic customers and non-domestic customers for a period of time as set out in their gas licence. Therefore, the guidance for appointing the gas supplier/suppliers of last resort will need to be tailored to address the particular structure of the gas market in NI.

In GB there is common guidance for the appointment of a supplier of last resort in the electricity and gas markets. The GB retail energy market is much larger, less concentrated and more mature than the NI retail energy market.

The electricity and gas retail markets within NI are also quite different both in size and structure. There are two distinct gas distribution areas in NI which have been developed independently and over different timelines. Both areas are a lot smaller than the electricity sector in NI. Therefore the supplier of last resort guidance already prepared for the NI electricity market cannot simply be applied to the gas market.

The following issues for selecting and appointing a supplier of last resort are discussed in this paper:

- When the supplier or suppliers of last resort should be appointed;
- Criteria for appointing a supplier or suppliers of last resort;
- The duties of the supplier or suppliers of last resort;
- What tariffs can be charged and for how long;
- Recovery of costs;
- Should there be a lock in period and if so for how long?
- Duration for which a supplier/suppliers of last resort will be appointed;
- Information required from a failing supplier and potential suppliers of last resort.

Responding to the Consultation

As a public body and non-ministerial government department, the Utility Regulator is bound by the Freedom of Information Act which came into effect on 1 January 2005. According to the remit of the Freedom of information Act, it is possible that certain recorded information contained in consultation responses can be put into the public domain. Hence, it is possible that all responses made to consultations will be discoverable under Freedom of Information Act, even if respondents asked the Utility Regulator to treat responses as 'confidential'. It is therefore important that respondents note these developments and in particular, when marking responses

as 'confidential' or asking the Utility Regulator to treat responses as confidential, should specify why they consider the information in question to be confidential.

Confidentiality disclaimers created automatically by your company's e-mail system will not normally be treated as sufficient in terms of a confidentiality request.

All responses should be sent, by 6 May 2011 to:

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2. Background

On the 29th January 2010 the Gas (Supplier of Last Resort) Regulations (Northern Ireland) 2009 (appendix 1) came into force to conform to the EU Directive 2003/55/EC and a copy of these regulations can be obtained from the following website:

http://www.opsi.gov.uk/sr/sr2009/pdf/nisr_20090412_en.pdf

The Regulations highlight the importance of a supplier of last resort to ensure continuity of supply if a gas supply company fails.

In determining whether to appoint a supplier or suppliers of last resort we must be satisfied that circumstances have arisen that would require us to revoke the failed suppliers' licence. As previously stated the gas supply licences outline the range of circumstances in which the "Authority" (the Utility Regulator) can revoke a gas supply licence and they including the following:

- A serious licence breach;
- Non-payment of licence fees;
- Financial Hardship (eg. a supplier is unable to pay its debts, is placed into receivership/administration or becomes subject to a an order for winding up the company);
- Planned exit of the market by the supplier.

3. Supplier of Last Resort Duties

The specific role of the Supplier or Suppliers of Last Resort will be to manage the transfer of the outgoing gas supplier's customers and maintain normal conditions of supply. This will ensure continuity of gas supply for non-domestic and domestic customers connected to the gas network.

The Supplier or Suppliers of Last Resort will have specific duties to undertake for the outgoing gas supplier's customers as follows:

- Manage the process for transferring and communicating with affected customers;
- Notify in writing all affected customers within five days of the direction that the supplier/suppliers of last resort mechanism has been initiated;
- Maintain normal conditions of supply to those affected customers for six months or until they transfer to another supplier if this is sooner than six months;
- In purchasing any additional gas in order to supply the newly acquired customers the supplier/suppliers of last resort should take all reasonable steps to do so as economically as possible in the given circumstances.
- Determine the tariff for affected customers and how long it applies in consultation with the Utility Regulator;
- Any customer information that a supplier/suppliers of last resort may receive from the Utility Regulator must only be used for the purpose of supplying gas as a result of a last resort supply direction. The supplier/suppliers of last resort must comply with the data protection principles set out in the Data Protection Act. The Utility Regulator will liaise with the failing company or the receiver (if appointed) for the failed supplier to ensure that customer information is made available for the use of the supplier or suppliers of last resort.
- The supplier/suppliers of last resort must secure a meter reading for the failed supplier's former customers as follows:
 - Daily metered customers within 2 days of S(s)oLR being appointed.

- For customers burning between 25,000 to 75,000 therms the S(s)oLR should read the meter within 1 week;
- For customers burning between 2,500 to 25,000 therms the S(s)oLR should read the meter within 1 month;
- For customers (domestic and industrial and commercial) burning less than 2,500 therms the supplier/suppliers of last resort should record the latest actual meter reading taken by the failed supplier and then take a subsequent meter reading in line with their own meter reading policy and the conditions outlined in their gas supply licence;
- The supplier/suppliers of last resort will, after a maximum period of six months, transfer the remaining customers on supplier of last resort tariff to a regular tariff appropriate to their customer category. This only applies to customers who have not already transferred to another supplier or transferred to a regular tariff of their supplier of last resort.

These duties could be enshrined in supply licence conditions.

Respondents are asked to comment on the proposed duties of the supplier of last resort.

4. Customer Notification

Customers should have access to the fullest possible information on the supplier or suppliers of last resort, how the customer will be affected and why the change has taken place. It is proposed that the supplier/suppliers of last resort should provide as a minimum the following information to the customers of the failed supplier:

- Confirmation that the outgoing supplier will no longer be the respective customer's supplier (specifying the date the existing gas supplier stopped supplying the customer);
- Confirmation of the name of the supplier of last resort appointed to provide gas supply to the customer (e-mail address, postal address and telephone number);
- Confirmation that the supplier of last resort is deemed the gas supplier since the date of the direction;
- A clear and comprehensive list of tariffs provided by the gas supply company who has been appointed supplier/suppliers of last resort. Details of the tariff which the customer of the failed Supplier will be placed on and for how long;
- Terms and Conditions of Supply;
- Confirmation that the customer can switch to an alternative gas supplier if they so wish; details of other relevant suppliers should be listed;
- Information on how the supplier of last resort will obtain a meter reading and when the first meter reading will take place i.e. within one month, or advise customers on how they can obtain their own meter readings.

Respondents are asked to consider whether there is any further information that should be supplied to customers.

5. Duration for which a supplier/suppliers of last resort will be appointed

As outlined in the Gas (Supplier of Last Resort) Regulations (Northern Ireland) 2009 the supplier/suppliers of last resort will be designated as such for a period of up to six months. After this period the former customers of the outgoing gas supplier can either remain with their supplier of last resort or switch to an alternative gas supplier. The duration of the period of designation of supplier of last resort will be determined by the Utility Regulator.

Customers could also be given the option to transfer from their supplier of last resort to an alternative gas supplier at any time during the supplier of last resort direction. Alternatively they could be locked in for the period designated. Again this will be determined by the Utility Regulator.

Other markets

In GB the direction to be a supplier of last resort cannot last longer than six months. After that time the supplier of last resort remains the supplier for any customers to which it has deemed or other contracts. In GB the failed supplier's customers can switch to an alternative supplier other than the supplier of last resort if they wish to. Therefore the supplier of last resort in GB cannot charge a termination fee if a customer takes supply from another supplier.

In the electricity market in Northern Ireland the customers of the failed supplier are locked into supply by the supplier of last resort for 20 business days. The rationale for this lock in period is down to a current restriction on the switching systems.

- **Respondents are asked to consider whether there should be a lock in period and if so for how long?**

6. Criteria for appointing the supplier or suppliers of last resort

The Utility Regulator would prefer to appoint a gas supplier or suppliers of last resort that had consented to the role, however, if this is not possible the Gas (Supplier of Last Resort) Regulations (Northern Ireland) 2009 gives the Utility Regulator the powers to directly appoint one or more suppliers of last resort depending upon the particular circumstances arising at the point in time. Factors that will determine this decision include the category of customers to be transferred from the outgoing

supplier, the number of customers by category, prevailing market conditions and the share of the gas supply market held by each gas supplier.

Specific selection criteria will be applied to obtain the best option for the outgoing supplier's former customers and the gas market. The Utility Regulator will examine the company's ability to supply the additional customers of the failed supplier. We will examine their technical capability, their ability to purchase gas and their capacity, whether they have the appropriate systems to transfer customers from the outgoing company quickly and yet comply with consumer protection obligations.

The specific criteria that the Utility Regulator proposes to apply when considering whether to select a gas supplier as a supplier of last resort are as follows:

- The provision of information by potential supplier/suppliers of last resort requested by the Utility Regulator in the standard application form.
- The capability and resources (financial administrative and Information technology) of the potential supplier of last resort to continue to provide gas to their existing customers and also the outgoing supplier's customers.
- An assessment of the likely time that the potential supplier of last resort will take to transfer customers of the outgoing supplier.
- An assessment of the supplier's ability to assimilate customer information, issue bills and deal with customer enquiries without undue delay.
- The ability of the potential supplier of last resort to meet its obligations to existing and additional customers in accordance with consumer protection requirements.
- An assessment of the ability of the potential supplier of last resort to secure a meter reading within the following parameters:
 - (i) Daily metered customers within 2 days of S(s)oLR of Last Resort being appointed;

- (ii) Customers burning between 25,000 to 75,000 therms within 1 week of supplier/suppliers of last resort being appointed;
- (ii) Customers burning between 2,500 to 25,000 therms within 1 week of supplier/suppliers of last resort being appointed;
- (iii) Customers (domestic and industrial and commercial) burning less than 2,500 therms within 1 month of a Supplier or supplier/suppliers of last resort being appointed;
- An assessment of the arrangements that the potential supplier of last resort will be able to put in place for the transfer of the customers of the outgoing supplier including the following:
 - (i) How customers will be informed about what has happened.
 - (ii) How customers will receive a timely and accurate bill.
 - (iii) How customers will be made aware of their options to sign up to a contract with the Licensee or another supplier.
 - (iv) How customers' written and telephone enquiries will be dealt with.
- The ability of the potential supplier of last resort to put in place arrangements for prepayment metered customers including how arrangements will be made to apply the deemed tariff rate along with the collection of proportion of any outstanding debt.
- The ability of the potential supplier of last resort to source and supply gas to customers of the outgoing supplier as well as continuing to supply gas to its existing customers.
- The financial resources available to purchase gas for the potential supplier of last resort's current customers and the customers of the outgoing supplier.
- The credit arrangements available to the potential supplier of last resort. If the supplier of last resort has confirmed that they would have to obtain additional credit to supply the customers of the outgoing supplier they should show how they would obtain this credit, how quickly the additional credit could be obtained, their current credit limit and that by obtaining additional credit this would not cause it to exceed its credit limit. In addition the potential supplier of last resort

should have confirmed their current level of indebtedness and details of any failures to pay invoices in the previous 12 months.

- The potential supplier of last resort will have to provide details of network agreements including any contraventions of any of these network codes during the previous 12 months, including any failures to pay invoices.
- The tariffs for each category of existing domestic and non-domestic customer and the proposed tariff that would be applied to each category of customers transferred under the supplier of last resort direction.
- That any difference between the deemed contract prices under normal circumstances and those proposed under a last resort supply direction reflect no more than the reasonable additional costs of supply the customers of the failed supplier (including costs attributable to the purchase of gas at short notice). The potential supplier of last resort will have to explain in detail how the prices they propose to charge the customers of the outgoing supplier will be calculated.
- Whether the potential supplier of last resort has provided the requested information within the time limit set by the Utility Regulator.
- Whether the potential supplier of last resort has confirmed that they will comply with the Data Protection Act 1998.
- Whether the potential supplier of last resort has confirmed that they wish to volunteer to be a Supplier or Suppliers of Last Resort.
- The Utility Regulator's duty to promote competition will also be taken into consideration.

Appendix 3 provides a detailed list of the information that will be sought from potential supplier/suppliers of last resort. There is a considerable amount of information that suppliers can prepare in advance of an actual failure. In considering what response time is appropriate for the submission of applications, we will take into consideration the size of the customer base of the outgoing supplier and the nature of the failure as well as the need to protect customers. This information will

also have to be updated frequently enough to cater for the changing circumstances and market share of each supplier.

Other markets

In GB Other things being equal, preference will be given to those suppliers who volunteer for the role of supplier of last resort and Ofgem have confirmed that they would prefer to appoint one supplier of last resort for all the failed supplier's gas customers and one supplier of last resort for all its electricity customers (this may be the same supplier of last resort) but there may be circumstances where the portfolio has to be split. In GB potential suppliers of last resort will be allowed between four to six hours to provide all the information requested. However, Ofgem also state that this will depend on the specifics of each case.

In the electricity market in Northern Ireland the Utility Regulator will maintain a shortlist of suppliers who have shown the willingness and the ability to be a supplier of last resort. From this list a supplier will be appointed based upon the criteria of price and the Utility Regulator's duty to promote competition.

Respondents are asked to consider the criteria for appointing the supplier/suppliers of last resort.

7. Cost Recovery

The supplier/suppliers of last resort arrangements will include provisions for the recovery of reasonable additional costs incurred resulting from increased administrative costs and additional gas purchasing arrangements etc. This provision will help to reduce the risk to the supply licence holders of the supplier of last resort obligation of potential additional unrecoverable costs.

However, the supplier of last resort direction will also bring potential commercial benefits to the supplier/suppliers of last resort. They will have the opportunity to acquire new customers as a consequence of supplier of last resort arrangements. In some scenarios the benefits to a supplier of last resort of customer acquisition could be determined to be sufficient to cover the costs. In this case there would be no need to consider cost recovery.

The issue for consideration is how all reasonable additional costs of supplying gas to the customers of the failed supplier will be recovered where cost recovery is deemed necessary.

The following are possible options for funding the recovery of reasonable costs for the supplier/suppliers of last resort:

- (i) An increased tariff for the customers of the outgoing supplier;
- (ii) A public service obligation on customers to cover costs.

In determining which option to select the following issues need to be considered:

- The number of suppliers of last resort appointed;
- The number and category of additional customers to be supplied by each supplier of last resort;
- The ability of the supplier/suppliers of last resort to purchase additional gas and their capacity to fund all costs associated with supplying the additional customers at short notice (including administrative costs of setting up new accounts, costs of aligning systems of the failed supplier and the supplier/suppliers of last resort and any other costs associated with maintain a gas supply to an increased number of customers);
- Whether the supplier/suppliers of last resort is currently price controlled (this will influence whether all or a proportion of the one off costs associated with supplying gas to the customers of the failed supplier may/could be treated as pass through).

- How a public service obligation to cover the upfront costs would be funded.
- The risk to consumers (including vulnerable customers) of an unexpected increase in their gas tariff and the risk to the supplier/suppliers of last resort of an unexpected increase in costs (as certain costs will be upfront costs) in supplying gas to the customers of the failed supplier.

Other markets

In GB Ofgem do not consider that the failed supplier's customers (whether domestic or non-domestic) should be protected from all price increases. However, the supplier of last resort's deemed contract prices can reflect no more than the reasonable costs of supply (including costs attributable to the purchase of gas or electricity at short notice), together with a reasonable profit. In GB the supplier of last resort is able to charge the outgoing supplier's customers on the basis of its deemed contract rate. This will cover the period from appointment until customers have agreed a replacement contract rate with the supplier of last resort or another supplier of their choice, or the six month period of supplier of last resort appointment expires, whichever is earlier.

In the electricity market in Northern Ireland the tariffs charged to customers under a supplier of last resort direction will be at the same level as those charged to that supplier's customers under normal conditions. Any excess costs incurred by the supplier of last resort will be recovered through a public service order. This will mean that all electricity customers will share the burden of any additional costs associated with the supplier of last resort direction.

Respondents are asked to consider how the costs of carrying out the role of supplier of last resort should be recovered.

8. Information about the failing gas supplier's portfolio

The Utility Regulator will use its powers to obtain information about the failing supplier's portfolio and customers. We will consider when it is appropriate to serve information requests on the failing supplier and where possible this will be done before the supplier goes into receivership. High level portfolio information will be provided to potential supplier/suppliers of last resort, when possible, to enable them to assess their ability to supply the additional customers. The Utility Regulator will meet with the Receiver appointed for the failed gas supply company to ensure all available customer information is made available to the Utility Regulator. The failing gas supplier's specific customer details will only be released to the appointed supplier/suppliers of last resort who must comply with the principles set out in the Data Protection Act.

The following is a summary of the questions asked in the consultation paper:

- 1. Respondents are asked to comment on the proposed duties of the supplier of last resort.**
- 2. Respondents are asked to consider whether there is any further information that should be supplied to customers.**
- 3. Respondents are asked to consider if there should be a lock in period and if so for how long?**
- 4. Respondents are asked to consider the criteria for appointing the supplier/suppliers of last resort.**
- 5. Respondents are asked to consider how the costs of carrying out the role of supplier of last resort should be recovered.**

Appendix 1:

STATUTORY RULES OF NORTHERN IRELAND

2009 No. 412

GAS

Gas (Supplier of Last Resort) Regulations (Northern Ireland) 2009

Made - - - - *14th December 2009*
Coming into operation - *29th January 2010*

The Department of Enterprise, Trade and Investment being a Department designated for the purpose of section 2(2) of the European Communities Act 1972⁽¹⁾ in relation to measures relating to the regulation of the gas sector ⁽²⁾, in exercise of the powers conferred on it by the same section 2(2) and of every other power enabling it in that behalf, hereby makes the following Regulations.

Citation and commencement

1. These Regulations may be cited as the Gas (Supplier of Last Resort) Regulation (Northern Ireland) 2009 and shall come into operation on 29th January 2010.

Interpretation

2.—(1) The Interpretation Act (Northern Ireland) 1954⁽³⁾ shall apply to these Regulations as it applies to an Act of the Northern Ireland Assembly.

(2) The following Article shall be inserted after Article 24 of the Gas (Northern Ireland) Order 1996⁽⁴⁾

“Suppliers of Last Resort

24A. —(1) Where it appears to the Authority that—

⁽¹⁾ 1972 c.68

⁽²⁾ S.I. 2000/738

⁽³⁾ 1954 c.33 (N.I.2)

⁽⁴⁾ S.I. 1996/275 (N.I.2)

- (a) circumstances have arisen which would entitle it to revoke the licence of a gas supplier (“the defaulting supplier”); and
- (b) another gas supplier could comply with a direction under paragraph (2) without significantly prejudicing his ability—
 - (i) to continue to supply his customers; and
 - (ii) to fulfil his contractual obligations for the supply of gas,

the Authority may give such a direction to that supplier (“the designated supplier”).

(2) A direction under this paragraph—

- (a) shall require the designated supplier to supply gas to such customers of the defaulting supplier in such premises as are specified or described in the direction; and
- (b) may include such other requirements or prohibitions as are, in the opinion of the Authority, reasonably incidental or consequential upon the requirement to supply.

(3) A direction under paragraph (2) shall specify the terms and conditions under which the designated supplier shall supply gas to any customer to which the direction relates, including in particular the terms and conditions in relation to—

- (a) the termination of supply; and
- (b) the method for calculating the charges for supply;

and may specify the terms and conditions under which the designated supplier shall do anything else in pursuance of the direction.

(4) A direction under paragraph (2) may also modify the supply licence of the designated supplier or the conditions included in that licence where it is necessary or expedient for the purposes of ensuring that the supplier can comply with any requirement or prohibition under that direction.

(5) Upon being given a direction under paragraph (2) the designated supplier shall send a notice to those customers of the defaulting supplier to which the direction relates giving such particulars and containing such information as the Authority may specify in the direction.

(6) Where a customer is supplied with gas by a designated supplier in pursuance of a direction under paragraph (2), a contract for the supply of gas shall be deemed to exist between the customer and the designated supplier from the date on which the supply of gas commenced to the date the direction ceases to have effect.

(7) A direction under paragraph (2) may be made subject to such conditions as the Authority may specify in the directions.

(8) A direction under paragraph (2) shall take effect from such date as may be specified in the direction and shall continue for such period (being no longer than six months) as may be specified in the direction and shall then cease to have effect.

(9) In this Article –

“gas supplier” means a person who is authorised by a licence to supply gas to specified persons or premises;

“customer” in relation to a gas supplier means the persons or the occupier of the premises so specified;

“licence” means a licence granted under Article 8 (1) (c); and

“specified” has the same meaning as in Article 8(1).”.



Jenny Pyper
A senior officer of the
Department of Enterprise, Trade and Investment

EXPLANATORY NOTE

(This note is not part of the Order)

These Regulations implement, in part, Article 3(3) of Directive 2003/55/EC by inserting into the Gas (Northern Ireland) Order 1996 a new Article 24A. This new Article helps to protect final gas customers and ensure high level of consumer protection by giving the Northern Ireland Authority for Utility Regulation (“the Authority”) the power to appoint a Supplier of Last Resort (“the SoLR”) to supply gas to customers in circumstances where their gas supplier (“the defaulting supplier”) has his supply licence revoked and can no longer supply to them. The new Article enables the Authority in making this appointment to specify the terms and conditions under which the SoLR will supply gas to the customer. This includes, in particular, provision relating to price. A contract for the supply of gas between customer and the SoLR will be deemed to exist from the date of the supply of gas commences to the date the direction ceases to have

Appendix 2: Information from a Failing Supplier

The information requested may vary depending on circumstances of the failure.

Company structure, contractual arrangements and financial position

1. Provide details of the current ownership of the licensee (including any parent companies and any significant shareholdings in the licensee) and any parent companies.
2. A copy of the standard contract entered into by the licensee with customers.
3. Provide a description of the financial position of the company at the date of response, including a statement as to whether, were the licensee company to be wound up by its members, such winding-up would be an insolvent or solvent winding up.
4. Provide details of any gas network companies with whom the licensee has made contractual arrangements.

Non-domestic Supply Meter Points (SMPs)

The licensee should provide:

5. The total number of non-domestic SMPs by EUC category and gas distribution network (at the close of business on the day before the start of the report).
6. The total number of non-domestic SMPs by EUC category and gas distribution network in the process of registration (at the close of business on the day before the start of the report).

7. The total number of non-domestic SMPs by EUC category and gas distribution network in the process of transferring away (at the close of business on the day before the start of the report).
8. Non-domestic supply point portfolio report by SMP reference Number to include:
 - Customer name and telephone number
 - Billing address
 - Site address
 - Meter Asset Manager
 - Annual Quantity
 - Emergency contact details
 - Details of whether the SMP is daily metered or interruptible

Domestic Supply Meter Points (SMPs)

The licensee should provide:

9. The total number of domestic SMPs by EUC category and gas distribution network (at the close of business on the day before the start of the report).
10. Number of vulnerable customers.
11. The total number of domestic SMPs in the process of registration.
12. The total number of domestic SMPs in the process of transferring away.
13. Domestic supply point portfolio report by SMP Reference Number to include:
 - Customer name and telephone number;
 - Billing address;
 - Site address;

- Meter Asset Manager;
- Annual Quantity;
- Emergency contact details;
- Meter Type (Prepayment (Libra 100 or Quantum), or Standard Credit);
- If the domestic customer has been identified as a vulnerable customer.

Appendix 3 – Information from potential Supplier or Suppliers of Last Resort

This is the information that the Utility Regulator is likely to request from potential Supplier or Suppliers of Last Resort at the time of a Supplier or Suppliers of Last Resort event. *The information requested may vary depending on the circumstances of the failure.*

Data protection

1. If appointed as a supplier of last resort or one of a number of suppliers of last resort to some or all of the customers of **[name of failed supplier]**, the Utility Regulator will provide to the Licensee any information it has obtained on those individual customers to which the Licensee is appointed as supplier of last resort or one of a number of suppliers of last resort. Please provide confirmation that, unless appointed as supplier of last resort or one of a number of suppliers of last resort to some or all of the customers of **[name of failed supplier]**, the high-level portfolio information provided with this request will only be used for the purposes of making a decision about whether to volunteer for the role of supplier of last resort or one of a number of suppliers of last resort and for providing the information requested in this request.
2. Please confirm that, if appointed as supplier of Last resort or one of a number of suppliers of last resort, the Licensee will comply with the data protection principles set out in Schedule 1 of the Data Protection Act 1988, and that the data disclosed by the Utility Regulator will only be used for the purpose of providing information to the Utility Regulator or for the purpose of supplying gas pursuant to a last resort supply direction.

General information

3. Confirm whether the Licensee wishes to volunteer to be a supplier of last resort for domestic customers and non-domestic customers and also if required to be one of a number of suppliers of last resort for domestic customers and non-domestic customers.

Change of supplier process

4. Give details of the time that would be required to transfer all the customers of the failed supplier. Outline the arrangements the Licensee will make to manage the change of supplier process (including arrangements to overcome difficulties which may arise if the customer information etc. held by the failed supplier has been recorded on a different IT system to that employed by the licensee).
5. The licensee should explain how they will assimilate customer information, issue bills and deal with customer enquiries without undue delay for the customers of the failed supplier and without impacting adversely upon the service provided to their existing customers. In particular the licensee should explain:
 - i) How customers of the failed supplier will be informed about what has happened.
 - ii) How the Licensee will ensure that customers of the failed supplier will receive a timely and accurate bill.
 - iii) How customers of the failed supplier will be made aware of their options to sign up to a contract with the Licensee or another supplier.
 - iv) How customers of the failed supplier written and telephone enquiries will be dealt with.

6. The potential supplier or suppliers of last resort should demonstrate its ability to meet its obligations to existing and additional customers in accordance with consumer protection requirements.

Prepayment meter customers

7. Explain the arrangements that the Licensee will make for prepayment meter customers of **[name of failed supplier]**, including:
 - i) How arrangements will be made to enable the provision of emergency credit;
 - ii) How arrangements will be made to deal with the provision of new prepayment meter devices;
 - iii) How arrangements will be made to ensure the customer's meter will be updated to apply the Licensee's deemed contract tariff rate for customers whose meter has been programmed to collect a proportion of debt.

The licensee should provide details of the number of prepayment customers to which they currently supply gas.

Meter reading

8. For the failed supplier's former customers explain what arrangements the licensee would make to secure a meter reading for:
 - Daily metered customers within 2 days of supplier or suppliers of last resort being appointed.
 - Customers burning between 25,000 to 75,000 therms within 1 week of a supplier or suppliers of last resort being appointed;
 - Customers burning between 2,500 to 25,000 therms within 1 week of a supplier or suppliers of last resort being appointed;

- Customers (domestic and industrial and commercial) burning less than 2,500 therms within 1 month of a supplier or suppliers of last resort being appointed;

Industry arrangements

Sourcing gas

7. Give details of the licensee's arrangements to source and supply gas to customers of **[name of failed supplier]** as well as continuing to supply gas to its existing customers.

Network agreements

8. State which gas network codes the licensee has signed and give details of any contraventions of any of these codes during the past 12 months, including whether there have been any failures to pay invoices.

Credit cover

9. Provide evidence that the Licensee would have the financial ability to purchase gas for its current customers and the customers of **[name of failed supplier]**.

In particular, please provide the following information:

- i) Details of how quickly any required additional credit could be arranged and put into place if the licensee would have to secure additional credit in order to supply gas to customers of **[name of failed supplier]**,
- ii) Licensee's current credit limit;
- iii) Licensee's current level of indebtedness;

- iv) Details of any failures to pay invoices in the past 12 months.

Tariffs

Domestic customers

- 9. Complete the table below, outlining the tariffs available to each category of existing domestic customer and the tariff that would be applied to each category of domestic customers of the failed supplier if directed to supply gas to domestic gas customers. **All prices must include VAT.**

	DOMESTIC CUSTOMERS - Tariff			
	Standard Credit		PPM	
	p/kWh	Fixed Charge (please specify any minimum usage level)	p/kWh	Fixed Charge (please specify any minimum usage level)
Existing domestic gas customer				
Domestic customer of the failed gas supplier				

- 11. Please outline how the new pricing structures for the customers of the failed supplier have been calculated. The potential licensee should explain the difference between its deemed contract prices in normal circumstances and

those proposed under a last resort supply direction. The rationale for any difference in the two pricing structures should be explained.

Non-domestic customers

12. Complete the table below, outlining the tariffs available to each category of non-domestic customer and the tariff that would be applied to each category of non-domestic customers of the failed supplier if directed to supply gas to non-domestic gas customers. **All prices must include VAT.**

	NON-DOMESTIC CUSTOMERS - Tariff	
	p/kWh	Fixed Charge (please specify any minimum usage level)
Existing non-domestic gas customer		
Non-domestic customer of the failed gas supplier		

13. Please outline how the new pricing structures for the customers of the failed supplier have been calculated. The licensee Price should explain the difference between its deemed contract prices in normal circumstances and those proposed under a last resort supply direction. The rationale for any difference in the two pricing structures should be explained.

14. Please include any additional information which you may wish to add to demonstrate that the licensee would have the capability and resources (financial administrative and Information technology) to continue to supply gas to their existing customers and to supply gas to the failed supplier's customers.

Non-domestic Supply Meter Points (SMPs)

The licensee should provide:

15. The total number of non-domestic SMPs registered to the Licensee by EUC category and gas distribution network (at the close of business on the day before the start of the report).
16. The total number of non-domestic SMPs by EUC category and gas distribution network in the process of registration (at the close of business on the day before the start of the report).
17. The total number of non-domestic SMPs by EUC category and gas distribution network in the process of transferring away (at the close of business on the day before the start of the report).
18. Non-domestic supply point portfolio report by Supplier Meter Point Reference Number to include:
 - Customer name and telephone number;
 - Billing address;
 - Site address;
 - Meter Asset Manager;

- Annual Quantity;
- Emergency contact details;
- Details of whether the Supplier Meter Point is daily metered or interruptible.

Domestic Supply Meter Points (SMPs)

The licensee should provide:

19. The total number of domestic SMPs registered to the Licensee by category and gas distribution network (at the close of business on the day before the start of the report).
20. Number of vulnerable customers.
21. The total number of domestic SMPs in the process of registration.
22. The total number of domestic SMPs in the process of transferring away.
23. Domestic supply point portfolio report by Supply Meter Point Reference Number to include:
 - Customer name and telephone number;
 - Billing address;
 - Site address;
 - Meter Asset Manager;
 - Annual Quantity;
 - Emergency contact details;
 - Meter Type (Prepayment (Libra 100 or Quantum), or Standard Credit);
 - If the domestic customer has been identified as a vulnerable customer.