



OFGEM SOLR CONSULTATION RESPONSE
END FUEL POVERTY COALITION
5 April 2024

We welcome Ofgem's decision to look again at the SoLR process and we are grateful to the team for the opportunity to discuss our concerns prior to the consultation closing. We would encourage this format for consultations in the future and also enable the views expressed in these meetings to count as formal responses.

Therefore, we would like to take this opportunity to repeat some of the points raised in this meeting more formally.

In particular we feel there is a significant issue around collapsed suppliers' creditors and shareholders being given returns for the failure of a firm during the administration process. Meanwhile, the consumers who have footed the bill for the cost of failure are given nothing.

It is unbelievable that the current scheme allows payouts to shareholders, while consumers are left out of pocket.

We would urge Ofgem to look again at the options available to ensure consumers (via network firms / Ofgem) are listed as secured creditors or at the top of the list when it comes to distribution of funds during the administration process. Given the profits that energy network firms [are making](#), we do not agree that the cost of credit would be a barrier to this process. If further arguments are put forward against this proposal, we would urge Ofgem to discuss these with us before making a final decision.

True-ups

Rather than the current process where the costs of SoLR are spread among customers and then a "true up" process takes place, we would suggest that the Government (or Ofgem acting on its behalf) provides the funds the new supplier requires to administer the transfer and then once a final bill is presented by the new supplier and any money from the administration process is taken into account, it is only at this point that the SoLR cost is calculated and added to bills.

We appreciate that this (and other) suggestions may require a change in the rules. If Ofgem believes this is the case then we would appreciate Ofgem setting out what options for future improvements to the SoLR scheme could be made by the Government if Ministers were minded to amend laws and regulations.

Credit balances

Credit balances must be protected at all costs and 100% of balances should be ringfenced. No supplier should be able to use these funds for any purpose other than applying to customer accounts and this should be made clear in licence conditions. Customer credit

balances must not be used towards a failed supplier's insolvency costs and there must be no risk to consumers that their credit balances could be lost.

Should an energy firm collapse, these credit balances must be seamlessly transferred to the new supplier under the SoLR process.

Consumer protection

The SoLR process has a major drawback compared to the Special Administrative Regime used for Bulb in that consumer rights are at risk when the SoLR process starts.

During the SoLR process, energy customers must still be able to make complaints about their supplier to the Energy Ombudsman and be covered by wider Ofgem regulation including licence conditions and debt recovery guidelines. Equally, there should be a clearer process to resolve inaccurate billing complaints.

There should also be clearer signposting and support for consumers to understand how to complain about their previous supplier or the insolvency practitioner appointed.

Debt recovery

The Coalition would like to express its support for the response from the Money Advice Trust on the issues around debt recovery during SoLR and protections for customers in arrears.

We would like to see Ofgem work closely with the FCA and accountancy bodies to make it clear that administrators' activities should be bound by Ofgem's codes. Administrators should not be permitted to transfer a customer's energy debt to a debt collection agency (and certainly not to one without FCA authorisation).

If any debt recovery is permitted, the administrator (or a collection agency appointed by the administrator) must agree to follow the latest Ofgem licence conditions on how debt should be collected.

About the End Fuel Poverty Coalition

The End Fuel Poverty Coalition is a [broad coalition of more than 70 anti-poverty, health, housing and environmental campaigners, charities, local authorities, trade unions and consumer organisations](#). It is also supported by academics, social enterprises and those working on the front line of fighting fuel poverty.

We believe that everybody has the right to a warm, dry home that they can afford to heat and power.

Members of the Coalition include: [Action with Communities in Rural England](#), [ACE Research](#), [Advice for Renters](#), [AgeUK](#), [All Birmingham's Children](#), [Austerity Action Group](#), [Association of Green Councillors](#), [Association of Local Energy Officers](#), [Association for Decentralised Energy](#), [Asthma + Lung UK](#), [Basingstoke & Deane Borough Council](#), [Beat the Cold](#), [Brighton & Hove City Council](#), [Bruton Town Council](#), [Camden Federation of Private Tenants](#), [Child Poverty Action Group](#), [Church Poverty Action](#), [Chartered Institute of Environmental Health](#), [Chartered Institute of Housing](#), [Community Action Northumberland](#),

[Centre for Sustainable Energy](#), [Climate Action Network West Midlands](#), [Debt Justice](#), [Disability Poverty Campaign Group](#), [Disability Rights UK](#), [E3G](#), [EBICO](#), [End Child Poverty Coalition](#), [Energy Saving Trust](#), [Energy Cities](#), [Fair Energy Campaign](#), [Epilepsy Action](#), [Fair By Design](#), [Foster Support](#), [Friends of the Earth](#), [Fuel Poverty Action](#), [Fuel Poverty Research Network](#), [Generation Rent](#), [Good Law Project](#), [Greenpeace](#), [Groundwork](#), [Hackney Foodbank](#), [Heat Trust](#), [Home Start Oxford](#), [Independent Age](#), [Inner City Life](#), [Joseph Rowntree Foundation](#), [Lambeth Pensioners Action Group](#), [London Borough of Camden](#), [London Borough of Lewisham](#), [Marie Curie](#), [Mayor of London](#), [Moorland Climate Action](#), [National Pensioners Convention](#), [National Union of Students / Students Organising for Sustainability](#), [NCB](#), [National Energy Action](#), [New Economics Foundation](#), [National Federation of Women's Institutes](#), [Northern Health Services Alliance](#), [Oxford City Council](#), [Positive Money Tower Hamlets](#), [Redcar & Cleveland Council](#), [Repowering London](#), [Retrofit Bruton](#), [Right To Energy Coalition](#), [Rossendale Valley Energy](#), [Ryecroft Community Hub](#), [Save the Children](#), [Sense](#), [Scope](#), [Shaping Our Lives](#), [Social Workers Union](#), [South East London Community Energy](#), [Southwark Group of Tenants Organisations](#), [South West London Law Centres](#), [Stonewater Housing Association](#), [Stop The Squeeze](#), [Uplift](#), [UNISON](#), [Warm & Well North Yorkshire](#), [Warm & Well in Merton](#), [Young Lives vs Cancer](#).

The coordination for the [End Fuel Poverty Coalition](#) is provided by social enterprise [Campaign Collective](#) and the Coalition is also part of the [Warm This Winter](#) campaign. In Scotland we work closely with [Energy Action Scotland](#). In Wales, we work with [Climate Cymru's Warm This Winter](#) activity and in Northern Ireland with the NEA-backed [Fuel Poverty NI coalition](#).

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