



Statement of Last Resort Supply Payments 2022/23

July 2023



Introduction

Pursuant to Standard Special Condition A48 of the Gas Transporter Licence, this statement provides details of the payments made to 3 Shippers (for a total of 4 Last Resort Supplier Payments) under the Supplier of Last Resort (SoLR) process, and corresponding collected revenue values derived from the associated increase to transportation charges made for the 2022/23 formula year.

Paragraph 11 of Standard Special Condition A48 of the Gas Transporter Licence (Last Resort Supply, Payment Claims) includes the following obligations for Gas Distribution network companies:

'The licensee shall prepare, in respect of each year in which it increases or decreases charges in pursuance of paragraph 3, 5 or 6, a statement showing –

(a) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 3;

(b) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 5;

(c) the aggregate amount of the decrease in its revenue resulting from decreases in charges in pursuance of paragraph 6, and

(d) in the case of each last resort supply payment, the aggregate payments to the claimant made in respect of the year in question (whenever those payments were made).'

a) The aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 3

Cadent used the 'Miscellaneous Pass Through' licence term to increase allowed revenues in order to recover payments made to the claimants. The revenues are summarised in the table below:

	EAST OF ENGAND	LONDON	NORTH WEST	WEST MIDLANDS	CADENT
Target 2022/23 Supplier of Last Resort Revenue recovery ⁽¹⁾	£152,127,389	£85,158,266	£100,867,073	£73,583,356	£411,736,084
Actual 2022/23 Supplier of Last Resort Revenue recovery ⁽²⁾	£152,575,572	£85,826,617	£101,911,148	£74,435,071	£414,748,408
To be returned / (collected) from Shippers in 2024/25 ⁽³⁾	£448,183	£668,351	£1,044,075	£851,715	£3,012,324

1 The target amount of revenue recovery by network was based on the direction letter from Ofgem. These values were then used to increase allowed revenue and consequentially increase transportation charges in 2022/23 as per paragraph 3 of standard special condition A48.

2 Based on total actual collected revenue for 2022/23. This is as per our annual Regulatory Reporting Pack submission and invoice information received throughout the 22/23 year

3 The difference between target SoLR recovery and actual recovery is the value that will be returned to Shippers in 2024/25 through Transportation Revenue as per paragraph 6 of Licence Condition A48.

(b) The aggregate amount of revenue derived from increases in charges in pursuance of paragraph 5

Paragraph 5 of Standard Special Condition A48 states:

'If the amount paid to the claimant under paragraph 4 is less than the specified amount, the licensee shall in the following financial year –

(a) pay to the claimant (in accordance with any directions given by the Authority) the shortfall together with 12 months' interest thereon; and

(b) increase the charges referred to in paragraph 3 during the year following the relevant year to such extent as it reasonably estimates to be appropriate to secure that the consequential increase in its revenue equals the amount of that shortfall together with 12 months' interest thereon.'

No issues to report in relation to payments to claimants in relation to Paragraph 5.

(c) The aggregate amount of the decrease in its revenue resulting from decreases in charges in pursuance of paragraph 6

Paragraph 6 of Standard Special Condition A48 states:

'If the amount of the consequential increase mentioned in paragraph 3 exceeds the specified amount, the licensee shall, during the year following the relevant year, decrease the charges referred to in paragraph 3 to the extent that it reasonably estimates to be necessary in order to reduce its transportation revenue for that year by an amount equal to the excess together with 12 months' interest thereon.'

Any over or under collection (as shown in the table above) will form part of the Transportation Revenue recovery recovered position for the 2022/23 formula, and adjusted in our 2024/25 allowed revenue, inclusive of interest adjustments in full accordance with the Licence.

(d) In the case of each last resort supply payment, the aggregate payments to the claimant made in respect of the year in question (whenever those payments were made).'

Payments were made to the 8 claimants as per the table below in 12 monthly instalments, the total of which exactly matched the amount specified in the target SolR recovery noted above.

	East of England	London	North West	West Midlands	Cadent
British Gas	£29,912,932	£16,744,739	£19,833,575	£14,468,755	£80,960,001
E.ON	£17,784,595	£9,955,507	£11,791,960	£8,602,331	£48,134,393
EDF	£13,932,816	£7,799,348	£9,238,063	£6,739,243	£37,709,470
Octopus	£56,418,548	£31,582,122	£37,407,950	£27,289,406	£152,698,027
ScottishPower	£3,817,681	£2,137,071	£2,531,288	£1,846,595	£10,332,635
Shell	£29,947,392	£16,764,029	£19,856,423	£14,485,424	£81,053,269
Utilita	£215,922	£120,869	£143,166	£104,440	£584,397
Yu Energy	£97,502	£54,580	£64,648	£47,162	£263,893
TOTAL	£152,127,389	£85,158,266	£100,867,073	£73,583,356	£411,736,084

This statement has been provided to Ofgem, and published on the Joint Office of Gas Transporters website in accordance with paragraph 13 of Standard Special Condition A48.

If you have any questions in relation to this statement, please contact a member of Cadent's Revenue and Pricing Team (contact details below).

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