

Picking up the pieces

Updated analysis (Dec 2019)

**citizens
advice**



Picking up the pieces

Since January 2018 16 suppliers have failed, affecting over 1 million consumers. In June 2019 we published our report [Picking up the Pieces](#). This showed that supplier failures were causing consumers harm through poor service, additional costs and poor debt collection processes by administrators.

When suppliers fail they leave behind unpaid industry bills, and there can be a cost to protect their customers credit balances. These costs to end up on consumers bills. In June we estimated this cost at £172m.

We've updated the costs based on recent failures and now estimate it at **£255m**

£97m The **Renewables Obligation** which supports large-scale renewables. If suppliers fail this cost is shared across all others through a process called mutualisation.

£6m The **Capacity Market** supports security of electricity supply. It was suspended for a year awaiting EU State aid approval, but was reinstated in October, with payments for the standstill period then coming due.

£47m The **Last Resort Supplier Payment** is a levy that can be used by a the supplier that takes on the customers of a failed supplier to recover certain costs, including protecting credit balances.

£104m **Industry creditors** are companies who provide energy services like networks or metering, and are owed money by the failed supplier.

In addition to this, there is currently **a further £19m unpaid RO and Capacity Market payments** from active suppliers.

Our research also showed there are protection gaps for customers of failed suppliers in relation to debt. The administrators of these companies don't have to follow Ofgem rules on back billing or assess a customer's ability to pay We now estimate that **over £170m of customer debt** is being collected, the majority by administrators.

Calculations and references

Renewables Obligation (Failed suppliers: £115,842,276, Active suppliers: £1,166,584). On average (median) £0.16p per £1 is expected to be returned to creditors. Ofgem are claiming unpaid RO payments from administrators, so we have discounted the RO costs accordingly, and estimate that £97m will remain outstanding

Renewable Obligation Late Payment Distribution 2017/18 - £58.6m (all failed)

Renewable Obligation Late Payment Distribution 2018/19 - £58,408,859 remains unpaid (failed suppliers: £57,242,275, active suppliers (Gnergy, Breeze): £1,166,584).

Capacity Market standstill (Failed suppliers: £6,089,807, Active suppliers £17,922,249)

Low Carbon Contracts Company non-payment register - failed suppliers owe £6,089,807. At publication (05/12/19) there was £17,922,249 outstanding from active suppliers (Breeze, Flow Energy, Enstroga, Together Energy, Northumbria Energy, Foxglove Energy, AmPower, PFP, Nabuh, Pozitive Energy, Co-Operative Energy, Utility Point)).

Estimated Last Resort Supplier Payment (£47,160,000)

£31,760,000 has been claimed to date (Ofgem: Cooperative LRSP for GB, Ofgem: Octopus LRSP for Iresa, Ofgem: Together LRSP for OneSelect). Four other suppliers who have taken on customers of failed suppliers have stated an intention to claim the LRSP (Shell (First Utility) for Usio, Scottish Power for Extra Energy, SSE for Brilliant Energy and EDF for Solarplicity). Based on the average amount claimed per customer for GB Energy, Iresa, OneSelect, we estimate these will have a further cost of £15,400,000.

Industry creditors (£104,426,743)

Costs to energy sector creditors from administrator creditor lists January 2018 - August 2019. Costs based on administrator reports available on Companies House as at 25/11/19. Any expected returns through the liquidation process have been taken into account.

- Economy Energy
- Spark Energy
- Future Energy
- National Gas & Power
- Iresa
- Gen4U
- Usio
- Extra Energy
- OneSelect
- Our Power
- Brilliant Energy
- Solarplicity Energy
- Eversmart Energy