**AM Power – Supplier At Risk**

We have severe concerns that one of your suppliers is about to have a forced exit to the market i.e. cease trading. The supplier is Am Power and they have shown in the last 24 hours very strong indicators that they can no longer operate in this market, we expect them to fail shortly (possibly even today).

In addition to the record highs on the wholesale market Am Power are also faced with an additional challenge, their gas shipper has exited the market. The gas supplier is the entity that manages the industry side of the contract (trading and exchange of industry data) whilst the supplier manages the client side. It is common practice for suppliers to operate in this way as the shipper requires much more collateral than a supplier. One of the unforeseen casualties of the current energy crisis is that a shipper would fail – this was thought of as impossible by Ofgem, to the extent that they have a supplier of last resort (SOLR) process to manage a failed supplier but do not have a shipper of last process. AM Power utilised the shipper services of CNG, CNG exited the shipper market last week.

At the time it was not known what impact this would have but it transpires that one of consequences is that the suppliers who used CNG have lost their hedged position going into winter. This means the gas they thought they had secured is no longer theirs and they need to repurchase this. They cannot afford to do so.

We anticipate this will mean – this is best guess as the details are not yet known as SOLR has not yet started -

* Contracts with AM Power are cancelled from the date they enter SOLR.
* For the period between this date to the transfer to the supplier of last resort the sites are likely to be billed on the contracted rate - this is normal practice for B2B but cannot be guaranteed until the time.
* We expect the transfer to take 3 weeks.
* Once the site joins the SOLR they will be on deemed rates – c60p/kWh
* At this point they will be free to join a new supplier of their choice or to contract with the appointed supplier – we will be advise the best option.
* I would anticipate in the current market these rates will be roughly double the agreed rates with AM Power.

On the assumption that AM Power will be entering SOLR (cease trading) we would recommend:

* Take a meter read with photo of all meters
* Take a screen shot of their online account TODAY if you have one to show the current balance
* Do nothing in terms of contracting until we contact you in the next week or so – if you try to move ahead of the SOLR being registered OFGEM will block the transfer.
* Prepare for a significant increase in cost
* Optional – cancel the DD to prevent further payments being made.