



Making a positive difference
for energy consumers

Gas and Electricity Licensees

Email: licensing@ofgem.gov.uk

Date: 15 December 2021

Dear colleagues,

On 29 October 2021 we published an open letter to energy suppliers ('the October letter')¹ which highlighted the steps we are taking to protect the short- and long-term interests of consumers, providing greater certainty for investors and strengthening the resilience of the sector. The letter focussed on how we can use existing licence conditions to ensure suppliers act in a more financially responsible manner, and indicated where we are considering broader reform of regulatory frameworks to reflect the risks that the current situation has revealed. Today, as part of Building Energy Market Resilience package we have published our [action plan for retail resilience](#). This outlines our action plan to strengthen supplier financial resilience and support them in developing robust management control frameworks to manage and mitigate risk. It also sets out how we will strengthen our regulatory regime to minimise consumers' exposure to financial risk frameworks to manage and mitigate risk. It also sets out how we will strengthen our regulatory regime to minimise consumers' exposure to financial risk.

The October letter indicated that as a vital step to restoring stability in the sector, in the interests of consumers, we had temporarily 'paused' assessment of applications for new supply licences, by extending the reasonable period of assessment, initially to a period of six months, now nine months.²

The October letter also indicated that as a vital step to restoring stability in the sector, in the interests of consumers, we would continue to revoke unused or dormant supply licences as appropriate.

This letter confirms that we will be taking active steps to identify and revoke any unused and/or dormant licences. All relevant licencees will receive 30 days notice of revocation as required under s7B(3) of the Gas Act 1986 and s6(8) of the Electricity Act 1989. We intend to commence issuing the revocation notices w/c 20 December 2021.

Reasons for decision

As noted above, our Building Energy Market Resilience package sets out our action plan in response to the current unprecedented situation in the energy markets. The work we are carrying out will help us to put in place a new, enduring financial resilience and controls framework. Once in place, we will use this framework to assess both new entrants and current suppliers, to ensure they are sufficiently robust. Given the time needed to develop

¹ [Rising wholesale energy prices and implications for the regulatory framework \(ofgem.gov.uk\)](#)

² So that, in the public interest, licence authorisations will not be deemed to be granted in that period.

a new framework, we have decided to extend the six month pause, announced in the October letter, for assessment of licence applications by a further three months.

Given our Principal Objective to act in the interests of existing and future consumers, in light of the current market uncertainty, the need to strengthen market resilience and the approach we are taking to new entrants and current licensees, we consider the revocation of unused or dormant licences is a necessary and proportionate course of action, justified by overriding reasons of public interest.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Neil L', with a stylized flourish at the end.

Neil Lawrence
Director, Retail