

Statutory consultation on strengthening milestone assessments and additional reporting requirements

Question 1: Milestone assessments - What do you believe to be the optimum timeframe for information to be provided and assessed and for any necessary actions identified by an assessment to be taken?

We do not feel able to answer this having not taken part in a milestone assessment to date, therefore not knowing the full spec of the assessment. We would be keen to understand the timeframes that 2020 milestone assessments took and what the assessment involved. We expect that this will set a good base expectation from which time frames can be discussed but are unable to comment without this context.

Question 2: Significant commercial developments and personnel changes - What do you believe to be the optimum timeframe for information concerning a significant commercial development/personnel change to be provided and assessed and any necessary action identified by the assessment to be taken?

We would like to see a proportionate approach to assessing this in relation to trade sales. Our preference would be that the Ofgem issue a detailed and agile commitment to undertakings for commercial transactions. Such transactions can be incredibly time sensitive and over zealous intervention from a regulator may be disproportionate. We suggest the following is considered when building the guidance:

1. Tiered timeframes and assessment depth dependent on risk

A large supplier purchasing the books of a small supplier will need less assessment than a small doubling in size by purchasing another small or likewise two large suppliers in conversation. By tiering in this way Ofgem can be more specific about time frames and expectations, which will support the overall goal of enabling orderly market exits and maintaining a competitive market.

2. Time limiting

Where affected parties are cooperating fully with Ofgem it could be useful to have an absolute time limit on assessments, for the benefit financiers

3. Split into primary and secondary assessments

We suggest Ofgem reviews the scope of the assessment and splits it into 2 work streams. Firstly, the primary work demonstrating compliance to SLC 19D.1 and SLC4B (for example and to be scoped by Ofgem). This work could then enable a binding agreement to be formed. Secondly, details that need to be understood and assessed, but that can be done post binding agreement such as SLC 4A and SLC 4C. By splitting the overall assessment into two the time frame for pre binding agreement assessments can be streamlined and focussed.

With regards to Significant Managerial Responsibility and Person with Significant Control regulation we again would like to see a proportionate view, with associated guidance, on timeframes and highlight it may be fair and reasonable to utilise gardening leave/notice windows to run the assessment (highlighting that reputable suppliers are aware of this regulation and would be confident at contract signing stage that the new employee would not create a breach of licence condition).

Question 3: Do you have any other comments on our proposals?

With regards to milestone assessments this amendment to SLC will invalidate the live [guidance](#) material and we would support Ofgem in updating this guidance to provide relevant information to all suppliers (for the benefit of the proposed SLC 28C.3). Further we recommend Ofgem reviews the licence conditions to ensure that suppliers are not unable to competitively bid for SoLRs due to their size or the SoLR size.