

Emailed to: [retailfinancialresilience@ofgem.gov.uk](mailto:retailfinancialresilience@ofgem.gov.uk)

25 February 2022

Dear Sir/Madam,

### **Ofgem Consultation on changes to Ofgem's guidance on applying for a gas or electricity licence**

We write in response to the Ofgem Consultation on changes to Ofgem's guidance on applying for a gas or electricity licence.

In recent months, the energy retail sector has experienced significant challenges, with multiple market exits and continuing volatility. Building on the package of reforms published in December 2021, we agree it's right for Ofgem to focus on stabilising the market, protecting consumers and restoring confidence.

As part of that, it seems sensible to strengthen requirements around financial risk management where market conditions may mean an increased risk to a new entrant's financial stability. We think it's right also to consider whether relevant persons have had previous roles or connections with failed suppliers, where this can be done in a way that does not preclude genuinely beneficial suppliers (which may look different to existing suppliers) from entering the market. We also agree that it is right to expect that suppliers will be able to demonstrate they are compliant with their obligations regarding their operational capability and financial responsibility.

As Ofgem is committed to stabilising the market and restoring consumer confidence, there is an opportunity to remind current and future energy suppliers of the important role they will play in developing consumer confidence as the UK strives to meet net zero targets. Supplier and consumer relationships will be crucial to a successful energy transition. With that in mind, we think that consumer protection should continue to be at the forefront of the obligations for current and future energy suppliers.

Please do not hesitate to contact us if you would like further information regarding our response. Our response is not confidential.

Your sincerely,



Ed Dodman  
Director of Regulatory Affairs



**For more information regarding this consultation please contact:**

David Pilling  
Head of Policy and Public Affairs  
Ombudsman Services  
3300 Daresbury Park  
Daresbury  
Warrington  
WA4 4HS

t: 07595 449366

e: [dpilling@ombudsman-services.org](mailto:dpilling@ombudsman-services.org)