

To chief executive officers of all
licensed energy suppliers, and
other interested parties

Email: Retail.Conduct@ofgem.gov.uk

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Dear Chief Executive

Market Compliance Assessments – update on next steps and further annual assessments in 2022

In these volatile and difficult times, Ofgem remains fully committed to achieve our core purpose of protecting consumers' interests. That is why we announced a series of market compliance reviews into the processes and practices of energy suppliers¹. We intend these to start a culture change in our engagement with the energy retail sector, which will see a much stronger focus on obtaining proactive assurance that suppliers are set up to deliver high standards for consumers and are fit to operate in the market. For this reason, we are announcing an expansion of our programme of market compliance reviews beyond those we announced on 14 April.

Specifically, following completion of the first four market compliance reviews, we will ask suppliers to respond to four more reviews into the following areas:

1. **Fit & Proper:** An assessment of the control frameworks for ensuring that the necessary ongoing fit and proper requirements, and requirements for the reporting of relevant senior personnel changes are in place and robust.
2. **Risk management:** How firms identify and monitor risks impacting their business with a specific focus on financial risk.
3. **Tariff setting:** Suppliers' processes for setting tariffs, with a particular focus on ensuring tariffs are sustainable, fair and responsible.
4. **Asset ownership:** Control and ownership of significant assets.

¹ [Time for suppliers to improve standards for energy consumers | Ofgem](#)

Whilst we have identified these focus areas as a priority, please note that the above list is not exhaustive, and we may initiate further market compliance reviews. In addition to these, we will continue to monitor the performance of energy suppliers and the customer service standards they provide on an ongoing basis in line with our existing oversight processes and take the appropriate action where we see reasons for concern.

Whilst the timings and order that we launch the market compliance reviews are to be determined, we anticipate that we will share draft versions with suppliers in the first half of August 2022, with the aim to obtain a response to the first of these towards the end of August.

We remind suppliers that they have a duty to be open and cooperative with Ofgem, and to respond in time to requests for information as outlined in 5.1 of the supplier licensing conditions. Where suppliers are unable to promptly provide the necessary information to Ofgem, or where the information supplied indicates weaknesses in suppliers' operations, we will take swift action. The nature of this action will depend on the circumstances of the individual case, but could include enforcement action in accordance with our Enforcement Guidelines². In particular, where we diagnose weaknesses across multiple areas, we will consider rapidly escalating engagement to ensure suppliers implement improvements and do not put consumers at undue risk of poor outcomes.

Our Retail Compliance team will be in touch with you over the coming months with more details on the market compliance reviews. If you have any questions about this letter, please contact Tom Petty (tom.petty@ofgem.gov.uk).

Yours sincerely,



Neil Lawrence
Director of Retail

² [The Enforcement Guidelines | Ofgem](#)