
To: All holders of an electricity supply licence

Date: 29 of July 2022

Dear Company Secretaries and Stakeholders,

We refer to the Statutory Consultation for Government Energy Bill Support Scheme - Suppliers which was issued by Ofgem on the 29 of April 2022 and closed on the 28th of May 2022. We have considered responses received and now issue a final decision as outlined in this document.

The Secretary of State for Business, Energy and Industrial Strategy (BEIS) is accountable for the Energy Bill Support Scheme (EBSS) scheme and policy design. As set out in the BEIS EBSS policy consultation, the Government recognises that many households need support to deal with rising energy costs, which are increasing due to several global factors. The EBSS is part of a wider package of Government measures being introduced to help households manage the recent increase in energy costs.

Ofgem has been asked to provide support in the specific areas of reporting, compliance and licence modifications, to facilitate implementation and monitoring of the scheme. Ofgem are committed to ensuring clarity and effective execution of this role, enabling domestic electricity consumers to access the Government's energy bill support and delivering the scheme as per the Ministerial Direction intent.

The changes to the electricity supply standard licence conditions (SLC) set out in more detail within this document, are intended to support the implementation of the Government's Energy Bill Support Scheme (EBSS).

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Duly authorised on behalf of the Gas and Electricity Markets Authority

29 July 2022

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Introduction

As set out in the BEIS Energy Bills Support Scheme (EBSS) policy consultation, the Government recognises that many households need support to deal with rising energy costs, which are rising due to several global factors. The EBSS is part of a wider package of Government measures and aims to help households manage the recent increase in energy costs (please see 1.2 Changes to the scheme announced on the 26 of May 2022). This is expected to help mitigate the immediate impact of the increased prices and support households in managing their energy bills.

1.2 Changes to the scheme announced on the 26 of May 2022

The Chancellor of Exchequer announced some further changes to the EBSS scheme on the 26 of May of 2022 including:

- an increase in the grant amount from £200 to £400
- no requirement or consumers to repay the credit as the levy element of the EBSS is no longer in place
- and that grant will be applied from October 2022.

For further information access the Chancellor announcement¹

1.3 Ofgem scope and role in the EBSS scheme

Ofgem has been asked to provide support to BEIS in the specific areas of reporting, compliance and licence modifications, to facilitate implementation and monitoring of the scheme. Ofgem is committed to ensuring clarity and effective execution of our role, enabling delivery of the EBSS support payment to eligible domestic customers. Further information on eligibility will be set out in the Ministerial Direction to be issued by the Secretary of State (Ministerial Direction) as well as the accompanying Supplier Guidance.

BEIS is accountable for the scheme and policy design, as well as the distribution of funds to Suppliers. Ofgem recognise that the key design detail for this scheme will be in the Ministerial Direction and the licence condition changes should be read and interpreted alongside BEIS's Ministerial Direction and Supplier Guidance.

Ofgem will be introducing Supplier Guidance in due course with the aim to provide a greater level of detail and setting the expectation to suppliers on how to implement the changes introduced in the SLC.

¹[Chancellor of the Exchequers announcement on the cost of living](#)

1.4 Related Publications

Detail on the obligations to be placed upon electricity suppliers in providing and delivering the EBSS payments to eligible customers will be provided in a Ministerial Direction made by the Secretary of State for Business, Energy and Industrial Strategy pursuant to sections 7(3)(a) and 107 of the Electricity Act 1989. The Ministerial Direction is intended to reflect the key decisions and policy design intent set out in BEIS' policy consultation and consultation response.

Details on the EBSS Secretary of State Supplier Guidance will be provided by BEIS and will be published on BEIS website². The Supplier Guidance provides further detail on elements of the scheme which are stated in the Ministerial Direction that require additional clarification or specificity.

BEIS response to BEIS EBSS consultation will be available on BEIS website alongside with the original policy consultation document². We understand that a draft of the Ministerial Direction will be shared by BEIS along with the consultation response. The final Ministerial Direction is expected to be published by the end of September 2022 on BEIS website².

Suppliers have been engaged in the BEIS consultation providing their responses and participating in regular engagement sessions and working groups run between May 2022 and July 2022. BEIS response will outline the feedback received on key elements of the scheme including detail on the design principles, eligibility, and the legal and regulatory framework.

As per the Chancellors of the Exchequer's announcement, the obligation to repay the EBSS grant over five years is no longer a requirement. Ofgem is considering the responses to the Statutory Consultation for the Government Energy Bill Support Scheme – Networks, which was published on 29 April 2022 and will issue a decision in due course.

² [BEIS publication website, link to response to consultation and Ministerial direction.](#)

² [BEIS publication website, link to response to consultation and Ministerial direction.](#)

2. Consultation Process

2.1 Consultation Stages

The timeline in Figure 1 below represents the stages of the consultation process. The aim of the consultation process is to enable all parties to provide comments on the proposed licence conditions within a specified timeframe. After this, Ofgem review the responses and make a decision on the final licence conditions, and release a statement at the end of the process. The consultation process has 4 stages:

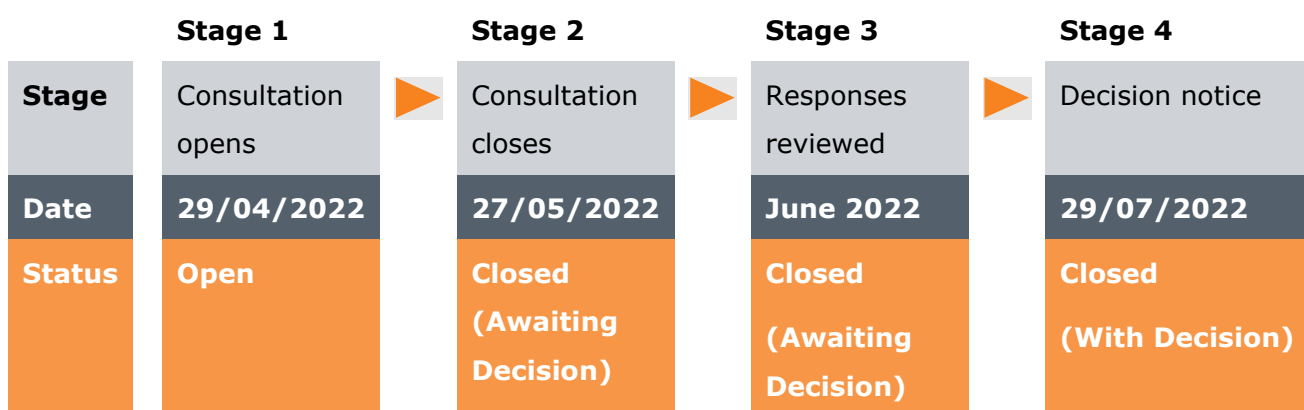
Stage 1: *Consultation Opens*. Ofgem release the consultation documentation for Supplier, stakeholder, and industry review.

Stage 2: *Consultation Closes*. This is the final date for submitting consultation responses, including all comments and feedback, to Ofgem.

Stage 3: *Responses reviewed and published*. Ofgem review responses and publish the non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Stage 4: *Consultation decision/policy statement*. Ofgem publish a final decision stating any amendments to the originally proposed licence conditions, alongside a decision on next steps. This is published on our website at www.ofgem.gov.uk/consultations.

Figure 1: Consultation Stages, Dates and Corresponding Status.



2.2 Indicative Timelines

Following the consideration of suppliers' views received in response to the consultation, Ofgem finalised the new Standard Licence Condition 25E. Power to direct Energy Bill Support Scheme Payments to Domestic Customers.

Activity	Status	Indicative Timeline
BEIS Policy Consultation	Done	11 of April – End May 2022
Ofgem Consultation Opens	Done	29 of April 2022
Ofgem Consultation Closes	Done	27 of May 2022
Ofgem Consultation Decision Statement (Standard Licence Condition 25E. Power to direct Energy Bill Support Scheme Payments to Domestic Customers)	Done	29 of July 2022
56 Day Statutory Standstill period	Started	30 of July 2022 –25 of September 2022
BEIS Ministerial Direction	Expected	Expected end of September 2022
Ofgem SLC Changes Enacted	Expected	25 of September 2022
Grant Payments made to Customer Accounts	Expected	3 of October 2022

Overview of Statutory Consultation response

3.1 Overview of responses received in Ofgem's Statutory Consultation

Respondents engaged with the consultation in different ways. Some responded directly to the consultation questions through the online portal, while others responded by email. Responses were structured around the specific questions. Ofgem have organised and analysed each response based on common themes.

Question 1

- **Whether you agree in principle with the introduction of new Licence Conditions to comply with the government direction, and your reasoning.**
 - a. Suppliers raised their concerns regarding the introduction of electricity supply standard licence condition changes in parallel with BEIS EBSS consultation but have stated that they understand that the proposed changes are in line with the EBSS scheme. Ofgem is committed to ensuring that the electricity supply standard licence conditions (SLC) changes introduced are aligned to BEIS EBSS final decision and Ministerial Direction, so Ofgem have worked in an independent advisory role to BEIS to ensure that the licence condition enables suppliers to implement the scheme.
 - b. Suppliers suggested modifications to the proposed SLC that have been reviewed and the relevant elements have been included in the new electricity supplier licence condition. The final SLC details can be found in section 4, electricity supply standard licence conditions (SLC)
 - c. Suppliers stated their concerns regarding the specificity of the changes and the broader implications to the compliance and enforcement activities.

Ofgem Response

Ofgem is committed to continue working with suppliers as BEIS issues the Ministerial Direction and Supplier Guidance to ensure the compliance and enforcement framework enables the delivery of the EBSS scheme. Ofgem has reviewed the comments and suggestions submitted by suppliers, some of which have been used to inform the new SLC 25E in section below.

Question 2

- **Whether there may be any unintended consequences from the implementation of the scheme in this way.**
 - d. Suppliers stated that in principle they do not consider there will be any unintended consequences from the introduction of new SLC to comply with the government Ministerial Direction. However, they stated the need to have visibility of the Ministerial Direction from BEIS. These licence conditions have been developed in parallel with BEI'S policy design and have involved close working between BEIS and Ofgem policy and legal teams, as well as with suppliers in supplier engagement sessions.
 - e. Suppliers shared concerns regarding the potential cost of implementing the scheme, implying that system changes, communications and process changes might be needed to enable the scheme. As stated in the BEIS consultation, experience of other schemes, such as the government Electricity Rebate (GER), Warm Home Discount (WHD) and the Green Gas Levy, would suggest that administrative costs can be low relative to the size of the scheme. BEIS expects that reasonable costs will be considered in any future default tariff cap levels set by Ofgem, to ensure these costs do not impact the competitiveness of the energy market.

Ofgem response

Ofgem has reviewed suppliers' responses regarding the cost of the scheme. Ofgem position is that the current price cap protects customers by making sure that they pay a fair price for their energy. Ofgem will only amend the cap methodology when it materially and systematically departs from efficient supplier costs. Suppliers would need to demonstrate how additional costs would meet this test before any cap amendment.

Question 3

- **Any further comments?**
 - f. No further comments were shared by suppliers during the consultation.

3.2 Specific suppliers comments made on licence issued in the consultation

Suppliers comments made		Ofgem Response
25E.3	<p>SLC 25E.2 includes a requirement of reasonableness; however, this is not included within SLC 25E.3. The current drafting of SLC25E.3 allows Ofgem or the Secretary of State to instruct suppliers to provide information in a particular form, medium or by a particular date etc. The requirements in SLC 25E.3 should be subject to a requirement of reasonableness, in line with the requirements of SLC25E.2, which will allow for any information to be provided in a reasonable format and reasonable timeframe.</p>	<p>Ofgem have now amended the SLC in section 25E.2 to clarify that the information to be provided is that which the Authority or Secretary of State reasonably consider to be relevant to the licensee's compliance with the EBSS direction.</p> <p>25E.3 states that the Authority or Secretary of State may direct the licensee to comply with 25E.2 (which in turn, states that the information to be provided is that which the Authority or Secretary of State reasonably considers to be relevant to compliance with the EBSS direction).</p> <p>25E(c) has been amended to reiterate that the information is that which the Authority or Secretary of State "reasonably considers are relevant to the licensee's compliance with any direction issued pursuant to 25E" (and therefore relates to EBSS).</p>
	<p>Suggest to change to the following: (c) of any description reasonably specified by the Authority or Secretary of State, including any documents, accounts, estimates, returns, records or reports and data of any kind, that is relevant and relating to the licensee's compliance with and facilitation of the Energy Bill Support Scheme grant payments</p>	<p>Ofgem have updated the obligation in the SLC under 25E.3 (c) to take account of suppliers' feedback – please see our comments above.</p>
25E.5	<p>Ofgem has utilised the wording of the expired 2014 Government Energy Rebate licence condition (25D) as a starting point for this drafting. There is a level of prescriptive requirements with regard to supplier communications to domestic customers (including billing information) which has since been replaced by principles based requirements (SLCs 31E to 31H). To avoid unintentionally reintroducing the obsolete prescriptive obligations Ofgem should remove 25.5(c) and (d) from the "Relevant Matters for Standard Condition 25E", as currently drafted and allow suppliers the freedom to communicate to customers as they see appropriate because more in line with supplier license obligations.</p>	<p>Sub-paragraphs (c) and (d) of the "Relevant Matters" definition have been retained because they reflect the intended requirements of the Ministerial Direction. However, Ofgem has amended sub-paragraphs (c) and (d) to clarify that the information may be provided either on a bill, statement of account or otherwise in writing. The format of such information (meaning the general content of the information) will be specified further within the Direction and so sub-paragraph (d) has been retained. However, the clarification that the information may be otherwise be provided in writing is intended to address suppliers' concerns that the previous drafting was too prescriptive.</p> <p>Reference to "Domestic Customers" hasn't been included specifically in sub-paragraph (c) because the definition of EBSS states that is applies only to Domestic Customers.</p>
	<p>The proposed wording of Supply Licence Condition (SLC) 25.5(c), as currently drafted, is reintroducing a highly prescriptive approach for suppliers, so we would suggest the following amends in italics, which is better aligned to the policy intent of the BEIS EBSS consultation: <i>(c) a requirement to display or provide information relating to the government Energy Bill Support Scheme to Domestic Customers on or with a Bill or statement of account; and</i></p>	

	<p>“Relevant Matters for Standard Condition 25E” - suggest to delete the following two parts: (c) a requirement to display or provide any information relating to the government Energy Bill Support Scheme on or with a Bill or statement of account; and (d) the format of any information relating to the Energy Bill Support Scheme made available to domestic customers.</p>	<p>Please see our comments above.</p>
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New Electricity Supply Standard Licence Conditions

Standard licence condition 25E: setting out the obligation for Suppliers to follow the government Ministerial Direction in delivering an EBSS support payment to eligible domestic customers. Further information on eligibility will be set out in the Ministerial Direction as well as Supplier Guidance.

The reason for this modification is to support the implementation of EBSS as detailed above.

The effect of this proposed modification is to place an obligation on all electricity supply licencees to:

(i) provide and deliver a support payment to eligible domestic customers in accordance with the direction to be issued by the Secretary of State; and

(ii) provide the Authority or Secretary of State with specified information relevant to the licensee's compliance with the direction.

We considered it to be necessary to make minor alterations to the modifications set out in the original Statutory Consultation. These alterations are shown in cyan highlight in the modification text which can be found in Schedule 1. The reasons for the differences between the modifications set out in the Statutory Consultation and the modifications in Schedule 1 are to correct errors in the modifications proposed, improve the modifications proposed, address feedback received from suppliers and to address minor issues raised since the issuing of the Statutory Consultation.

SCHEDULE 1

The text of the modification to Standard Licence Condition 25 is set out below with text to be inserted double underlined (with cyan highlight showing amendments to the original text included within the Statutory Consultation)

Standard Condition 25E. Power to direct Energy Bill Support Scheme ~~grant~~ payments to Domestic Customers.

25E.1 The licensee must comply with any direction issued pursuant to s.7(3)(a) and s.107 of the Electricity Act 1989 and relating to Relevant Matters for Standard Condition 25E which, following consultation ~~and subject to the Secretary of State's duty to have regard to the Statutory Considerations~~, the Secretary of State may issue and may from time to time revise (following further consultation).

25E.2 The licensee must provide the Authority or the Secretary of State with information specified by the Authority or Secretary of State in relation to matters that ~~the Authority or Secretary of State~~ reasonably considers are relevant to the licensee's compliance with any direction issued pursuant to pursuant to Standard Condition 25E.1 s.7(3)(a) and s.107 of the Electricity Act 1989.

25E.3 The Authority or Secretary of State may direct the licensee to comply with paragraph **25E.2** by providing to the Authority or the Secretary of State information:

- a. in a particular form or medium by a particular date;
- b. in a particular form or medium at such reoccurring intervals of time as the Authority ~~or Secretary of State~~ considers appropriate; and
- c. of any description specified by the Authority or Secretary of State, including any documents, accounts, estimates, returns, records or reports and data of any kind that it or they reasonably consider are relevant to the licensee's compliance with any direction issued pursuant to Standard Condition 25E.1, without limitation. ~~whether or not prepared specifically at the request of the Authority or the Secretary of State and without limitation.~~

25E.4 The licensee is not required to comply with paragraph 25E.2 if it could not be compelled to produce or give the information in evidence in civil proceedings before a court.

Definitions for Conditions

25E.5 For the purposes of this condition:

"Relevant Matters for Standard Condition 25E" means:

- a. a requirement to ~~provide and~~ deliver ~~the government an~~ Energy Bill Support Scheme ~~grant~~ Payment.

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- b. the time and manner in which an Energy Bill Support Scheme ~~grant~~ Payment is to be ~~provided and~~ delivered.
- c. a requirement to display or provide any information relating to ~~the government-an~~ Energy Bill Support Scheme ~~Payment~~-on or with a Bill or statement of account ~~(or otherwise in Writing)~~; and
- d. the format of any information relating to ~~the-an~~ Energy Bill Support Scheme ~~Payment-made available to domestic customers which must be~~ displayed on or provided with a Bill or statement of account ~~(or otherwise notified in Writing)~~.

"Energy Bill Support Scheme ~~Payment grant payment~~" means a ~~rebate-support payment~~ equal to the value specified in the direction, which the Secretary of State may in accordance with this condition direct the licensee to deliver to a Domestic Customer.