

To: All holders of an electricity supply licence

Electricity Act 1989

Section 11A(2)

Notice of statutory consultation on a proposal to modify the standard licence condition 24A of all Electricity Supply Licences

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the standard conditions of all electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 by amending Standard Licence Condition (SLC) 24A (Market Stabilisation Charge).

2. Currently the licence condition sets out that the end-date under SLC 24A.3 expires on 31 March 2023. We are proposing modifications to SLC 24A of the Electricity Supply Licences to extend this end-date to 31 March 2024, with new powers given to the Authority to review this end-date on an annual basis, as set out in Appendix 1 to this notice.

3. Our proposed modification aims to provide continuity in protection in the short term for consumers and licensed electricity suppliers from current energy market volatility, while allowing the flexibility to adapt the protection based on the evolving market situation. A detailed description of the reasons for and the effects of these licence modifications has been published by the Authority in the accompanying consultation, which can be found at:

- <https://www.ofgem.gov.uk/publications/statutory-consultation-extending-msc-and-bat-beyond-31-march-2023>
- Alternatively, they are available from Information.rights@ofgem.gov.uk

4. Any representations with respect to the proposed licence modifications must be made on or before Friday 30 December 2022 to: Derek Breslin, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to retailpolicyinterventions@ofgem.gov.uk.

5. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document

6. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

Maureen Paul

Deputy Director

Retail Market Policy

Duly authorised on behalf of the Gas and Electricity Markets Authority

1 December 2022

Appendix 1 - Proposed modifications to SLC 24A

New text is denoted by double underlining and deletions are shown in strikethrough

Condition 24A. Market Stabilisation Charge

Obligation to pay Market Stabilisation Charge

24A.1 If the licensee is an Acquiring Supplier in respect of a Domestic Customer, and the Losing Supplier Loss Trigger is met in respect of that Domestic Customer, it must pay the Market Stabilisation Charge (if any):

(a) calculated in accordance with the guidance issued by the Authority on this SLC 24A; and

(b) administered in accordance with the requirements of the Retail Energy Code,

to such person as may be specified in the Retail Energy Code and for the benefit of the relevant Losing Supplier.

Guidance

24A.2 The licensee must have regard to any guidance on this SLC 24A (including in respect of definitions which appear in standard condition 1) which, following consultation, the Authority may issue and may from time-to-time revise.

Duration of the obligation to pay the Market Stabilisation Charge

24A.3 SLC 24A will cease to have effect at 23:59 on ~~30 September 2022~~ 31 March 2024, or such later date, no later than ~~31 March 2023~~, as specified by the Authority publishing a statement in Writing unless the Authority specifies that the condition will cease to have effect at an earlier date by publishing a statement in Writing, unless the Authority specifies (i) the condition will cease to have effect at an earlier date or (ii) a later date, to be 23:59 on 31 March 2025 and thereafter on the anniversary of that date, by publishing a statement in Writing.

24A.4 The power to specify a later date in paragraph 24A.3 may be exercised by the Authority on more than one occasion (up until and including on any later date specified by the Authority)

Definitions for condition

24A.5 For the purposes of this condition:

Acquiring Supplier means, in respect of a Domestic Customer, a licensee to whom a Domestic Customer switches from a Losing Supplier.

Losing Supplier means, in respect of a Domestic Customer the licensee from whom a Domestic Customer switches to an Acquiring Supplier.

Losing Supplier Loss Trigger shall, in respect of a Domestic Customer, have the meaning set out in guidance issued by the Authority on this SLC 24A.

Market Stabilisation Charge means, in respect of a Domestic Customer, the fee of that name calculated in accordance with guidance issued by the Authority on this SLC24A