
Delta Gas and Power Limited

Provisional order confirmed under section 25(2) of the Electricity Act 1989 and 28(2) of the Gas Act 1986 as modified for confirmation

To: Delta Gas and Power Limited (formerly known as Lily Energy Supply Limited) (“Delta”), (company number 09933244) of 344-354 Gray's Inn Road, London, England, WC1X 8BP, holder of an electricity supply licence granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 (“the Electricity Act”) and holder of a gas supply licence granted or treated as granted under section 7A(1) of the Gas Act 1986 (“the Gas Act”).

WHEREAS:

A) Delta is the holder of gas and electricity supply licences granted by the Gas and Electricity Markets Authority (“the Authority”) and is subject to the usual conditions thereunder, which are “relevant conditions” for the purposes of the Electricity Act 1989 and the Gas Act 1986 (“the Acts”).

B) Standard Licence Condition (“SLC”) 4A of the gas and electricity supply licenses requires Delta to have and maintain robust internal capability, systems, and processes to enable it to serve its customers efficiently and effectively and comply with its regulatory obligations and relevantly provides:

4A.1 The licensee must ensure it has and maintains robust internal capability, systems, and processes to enable the licensee to: (a) efficiently and effectively serve each of its Customers; (b) efficiently and effectively identify likely risks of consumer harm and to mitigate any such risks; and (c) comply with relevant legislative and regulatory obligations.

C) On 11 July 2022 the Authority issued a Request for Information (“RFI”) seeking the provision of information relating to Delta’s financial management, position, and arrangements (“Stress Testing RFI”).

D) On 8 August 2022, Delta submitted its response to the Stress Testing RFI and the Authority responded by letter dated 18 August 2022 to highlight several material errors and omissions in that response.

E) On 14 September 2022, the Authority issued a further letter to Delta which contained queries regarding Delta’s financial management, position and arrangements and, in response, Delta submitted revised information relating to these queries and those in the Stress Testing RFI.

F) On 11 October 2022, representatives of the Authority met with representatives of Delta to highlight key concerns and to provide Delta an opportunity to make representations and, following that meeting, Delta submitted a letter to the Authority dated 18 October 2022 providing further information with regards to its financial management, position and arrangements.

G) On 5 December 2022, Delta provided an updated financial forecast, which contained logic errors and used unrealistic assumptions.

H) On 16 December 2022, Delta told the Authority that it has appointed an expert third party to support them in responding to requests for financial information. No other steps were outlined.

I) No representations to the Notice of Proposal to confirm the Provisional Order have been received by the Authority. Based on Delta’s conduct to date, the Authority is satisfied that Delta is contravening or likely to contravene SLC 4A because it does not appear to have the internal capability, processes and systems to respond accurately and in a timely fashion to requests for information from the Authority and therefore to comply with its relevant legislative and regulatory obligations.

J) Having had regard to the matters set out in section 25 of the Electricity Act and section 28 of the Gas Act, the Authority considers it is requisite to confirm the Provisional Order (with modifications) in exercise of the power in section 25(4) of the Electricity Act and section 28(4) of the Gas Act and that the provision made by the Provisional Order (with modifications) is requisite for the purpose of securing compliance with SLC 4A.

NOW THEREFORE:

The Authority, pursuant to section 25(4) of the Electricity Act and section 28(4) of the Gas Act, and for the purpose of securing compliance with SLC 4A, confirms the Provisional Order with modifications (effective on the date set out below) requiring Delta:

1. Not to act in contravention of SLC 4A; and
2. Improve its operational capability such that it can respond accurately and on time to any Requests for Information from the Authority in relation to its financial position and arrangements or otherwise.

Pursuant to section 27(7) of the Electricity Act and section 30(8) of the Gas Act, the Authority may seek to enforce the Order by application to the High Court for injunctive or other relief without further notice to Delta.

Dated: 6 February 2023

Signed

Megan Forbes (Chair)

Ulrike Hotopp

Ali Nikpay

Enforcement Decision Panel Duly Authorised on behalf of the Gas & Electricity Markets Authority.