

To: All holders of an electricity supply licence

**Electricity Act 1989
Section 11A(1)(b)**

Modification of the standard conditions of all electricity supply licences

1. Each of the licensees to whom this document is addressed has an electricity supply licence which has been granted or treated as granted under 6(1)(d) of the Electricity Act 1989 (the Act).
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 25 November 2022 ('the Notice') of our proposal to modify standard licence condition (SLC) 22B (Requirements to make all tariffs available to new and existing customers) to extend the end-date to 31 March 2024, with new powers given to the Authority to review this end-date on an annual basis. We stated that any representations to the modification proposal must be made on or before 30 December 2022.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received 16 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website.
5. It is necessary to make a minor amendment to the modification set out in the Notice. The Notice inaccurately stated we could choose to terminate the BAT measure early ("*i* the condition will cease to have effect at an earlier date or..."). This will not be the case and we have corrected this text in the modification notice in yellow highlight below to enable the BAT measure to be renewed on an annual basis.
6. We are making these licence changes because we consider that market stability risks remain and the market remains volatile. Furthermore, in light of stakeholder feedback, we consider that these changes provide the least intrusive form of temporary policy intervention that is in the interests of consumers.
7. The effect of the modifications will be 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 more detailed description of the reasons and effects of these modifications together with our response to stakeholder responses can be found in our Decision document.
8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules²

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

² CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(b) of the Act, we hereby modify the standard licence conditions for all electricity supply licences in the manner specified in attached Schedule 1. This decision will take effect from 1 April 2023.

This document is notice of the reasons for the decision to modify the electricity supply licences as required by section 49A(2) of the Act.



**Maureen Paul,
Deputy Director, Retail Market Policy**

Duly authorised on behalf of the Gas and Electricity Markets Authority

3 February 2023

Schedule 1 – Modifications to SLC 22B

New text is denoted by double underlining and deletions are shown in strikethrough. Minor changes from Statutory Consultation are show as above and with highlight.

Condition 22B. Requirements to make all tariffs available to new and existing customers

22B.1 Subject to paragraph 22B.2, the licensee must ensure that all its Tariffs are available to, and are capable of being entered into by, both new and existing Domestic Customers.

22B.2 Paragraph 22B.1 does not apply to:

- (a) A Closed Fixed Term Tariff;
- (b) A Collective Switching Tariff;
- (c) A Dead Tariff which complies with standard condition 22D; and
- (d) Tariffs only offered to a particular group of Domestic Customers defined on the basis of criteria specified by the licensee, provided that the criteria do not in any way relate to whether or not the Domestic Customer is a new or existing Domestic Customer.

22B.3 Exception to compliance with condition 22B

The licensee is not required to comply with standard condition 22B to such extent and subject to such conditions as the Authority may from time to time direct.

22B.4 In this condition:

“Collective Switching Tariff” means a Tariff for a Fixed Term Supply Contract which is entered into by a Domestic Customer only as a result of a Collective Switching Scheme.

“Collective Switching Scheme” means a scheme which the licensee is satisfied on the basis of the available evidence has:

- (a) the primary purpose of seeking offers from more than one Electricity Supplier for Tariffs, with a view to ensuring that at least one of those offers is likely to result in a bulk number of Domestic Customers transferring to that Tariff; and
- (b) a process which has all of the following characteristics:
 - (i) is organised and operated from time to time by a person that is not the licensee or an Affiliate;
 - (ii) is competitive and transparent, including by:
 - (1) having participation rules for Electricity Suppliers that are clear, well publicised and otherwise available to any interested party at a reasonable period of time before the process begins;

- (2) being open to all Electricity Suppliers which are able to supply Domestic Customers to participate in;
 - (3) having participation criteria for Domestic Customers or particular groups of Domestic Customers which are well publicised at a reasonable period of time before the process begins and clear and easy to understand; and
 - (4) having an outcome which is made clear and which is well publicised;
- (iii) a clearly defined start date; and
 - (iv) a clearly defined end date:
- (1) by which Domestic Customers which have satisfied the participation criteria and which wish to enter into a new Domestic Supply Contract, must ultimately have entered into a Domestic Supply Contract for a Tariff offered by a participating licensee; and
 - (2) which is not longer than 6 months from the start date.

22B.5 SLC22B will cease to have effect at 23:59 on ~~30 September 2022~~ 31 March 2024, or such later date, to be 23:59 on 31 March 2025 and thereafter on the anniversary of that date, no later than 31 March 2023, as specified by the Authority publishing a statement in Writing.

22B.6 The power to specify a later date in paragraph 22B.5 may be exercised by the Authority on more than one occasion (up until and including on any later date specified by the Authority).

Schedule 2 – list of the relevant licence holders

This modification is applicable to all Electricity Supply (Domestic Only) licence holders as listed on our website:

https://www.ofgem.gov.uk/industry-licensing/lists-licensed-companies?licence_sector=1701&sort=title