

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)b 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') that we propose to modify standard licence condition (SLC) 24A (Market Stabilisation Charge) 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. 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.
6. 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.
7. 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 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'.

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

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 24A

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

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.4 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.

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