

Revocation Order under section 25(7)(c) of the Electricity Act 1989 and section 28(7)(c) of the Gas Act 1986

To:

Delta Gas and Power Ltd ("Delta"), (09933244) of 344-354 Gray's Inn Road, London WC1X 8BP, holder of an electricity supply licence granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 and a gas supply licence granted or treated as granted under section 7A(1) of the Gas Act 1986.

WHEREAS:

A. Pursuant to section 25(2) of the Electricity Act 1989 and section 28(2) of the GAS ACT 1986, the Authority issued and served a provisional order to Delta on 7 November 2022 (the "Provisional Order"), which required Delta to

- a) Not to act in contravention of SLC 4A and SLC 4B;
- b) By 5 December 2022 take steps to 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.
- c) By 5 December 2022 improve its financial position such that it can operate effectively under low, central and high financial stress test scenarios set out in the Stress Testing RFI.
- d) By not later than 5pm on 7 December 2022, provide the Authority with a report confirming Delta's compliance with paragraphs a, b and c above. Said report must be accompanied by supporting documentation to evidence the assertions made by Delta in the report.
- e) Until the terms of the order are met:
 - i. Refrain from all sales, marketing and customer acquisition activity, including the acquisition of any new non-domestic customers or upgrading of all existing non-domestic customers to dual fuel;
 - ii. Refrain from making any payment, providing any loan or transferring any asset to any third party unless that payment, loan or transfer is one that Delta: a) is required to make by virtue of a legal requirement and said payment is approved in writing by the Authority;
- b) is essential to Delta's operation as a supplier of gas and electricity to consumers; or
- c) is otherwise approved in writing by the Authority.

The Provisional Order can be found at: [Delta Provisional Order November 2022 \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/consult/condocs/delta/delta-prov-order-nov-2022).

- B. Delta subsequently provided the Report to the Authority. Delta provided evidence to the Authority confirming that it has sufficient financial backing to operate effectively under the low, central and high financial stress test scenarios. As a result, the provisional order was no longer requisite to secure compliance with SLC 4B. However, the updated financial forecasts provided by Delta on 5 December 2022 contained logic errors and used unrealistic assumptions, as did the earlier financial forecasts. On 16 December 2022, Delta told the Authority that it had appointed an expert third party to support them in responding to requests for financial information. No other steps were outlined. The Authority's view was, therefore, that the Report and other information provided to the Authority did not evidence that Delta had the operational capability 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. For these reasons, the Authority believed Delta was contravening or was likely to contravene the requirements of SLC 4A. As such, the Authority considered that it was requisite for the Provisional Order with modifications to be confirmed and to require Delta to comply with SLC 4A and to demonstrate that it can respond accurately and in a timely fashion to requests for information from the Authority. The Authority considered that this was proportionate and necessary in the circumstances given the risk of harm to consumers. Therefore, the Authority published a notice of its proposal to confirm the Provisional Order with modifications on 11 January 2023 and invited representations and objections to the notice to be made to the Authority [Notice of Proposal - Delta \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/consult/condocs/delta/delta-prov-order-nov-2022)
- C. In response to the consultation, the Authority did not receive any representations to the notice of proposal to confirm the Provisional Order with modifications, which were due by 2 February 2023.
- In accordance with the requirements of the Provisional Order and, after consultation, the Authority decided on 6 February 2023 to confirm the Provisional Order (the "Confirmed Provisional Order"). The Confirmed

Provisional Order can be found at: [Delta Gas and Power Limited \(ofgem.gov.uk\)](https://www.ofgem.gov.uk)

D. On 13 December 2023 the Authority gave notice pursuant to section 26(6) of the Electricity Act 1989 and section 29(5) of the Gas Act 1986 that it proposed to revoke the Confirmed Provisional Order on the grounds that it appeared to the Authority that the order was no longer requisite as over the previous quarter Delta made a significant improvement with all submissions on time and only a few minor discrepancies between the stress test and monthly financial RFIs, which were corrected once they were alerted to them. Given this situation, we decided to wait and monitor them for a further quarter. Over the most recent cycle September to November 2023 all submissions were received in a timely manner as requested and the submissions have been to the standard required. As such they have significantly improved on the quality of their financial reporting.

[Notice of proposal of the Gas and Electricity Markets Authority to revoke a confirmed provisional order pursuant to section 26.pdf \(ofgem.gov.uk\)](#)

The Authority has received no representations or objections to its proposal to revoke the Confirmed Provisional Order.

NOW THEREFORE:

E. The Authority, having given notice of its proposal to revoke the Confirmed Provisional Order, hereby revokes the Confirmed Provisional Order.

Dated: 08 March 2024

Name: Margaret Robertson, Lead of Enforcement Panel Secretariat

Signed for and on behalf of:

Megan Forbes (Chair), Ulrike Hotopp, Ali Nikpay

Duly authorised on behalf of the Gas and Electricity Markets Authority