

All interested Non-domestic parties, in particular Non-domestic gas and electricity suppliers.

Email: NonDomesticRetailPolicy@ofgem.gov.uk

Date: 11 July 2024

Dear Stakeholders,

Decision on Statutory Consultation on consequential amendments to Standard Licence Condition 1.3 and 20.5A in the Electricity Supply Licence, and 1.2 and 20.6A in the Gas Supply Licence.

1. Introduction

On 5 April 2024 we published our decision on new and updated rules for Non-domestic energy suppliers (our 'April Decision'¹). This concluded our Non-Domestic Market Review, which was carried out after numerous issues were raised by Non-Domestic customers². The package of changes set out in the April Decision includes requiring suppliers to treat all their customers fairly and making sure Third Party costs are transparent. The majority of stakeholders were very supportive of these changes.

To implement our April Decision as intended and achieve the policy intent, we need to make some technical Standard Licence Conditions (SLC) changes. These were identified as needed after our April Decision was published. On 30 May 2024 we published our statutory consultation³ on the small technical changes to the definitions of 'Third Party' and 'Third Party Costs', and a consequential SLC change due to the 'Third Party' definition change. We notified all suppliers of this consultation, which closed on the 27 June 2024. In this letter we

¹ [Non-domestic market review: decision | Ofgem](#)

² Our April Decision followed input from stakeholders on changes that were needed, including via a Call for Input (<https://www.ofgem.gov.uk/call-for-input/call-input-non-domestic-gas-and-electricity-market>) and a policy consultation (<https://www.ofgem.gov.uk/consultation/non-domestic-market-review-findings-and-policy-consultation>). We then finalised our proposed rule changes through a statutory consultation (<https://www.ofgem.gov.uk/consultation/non-domestic-market-review-findings-and-statutory-consultation>), before issuing our decision and licence changes this April.

³ [Non-domestic market review: findings and statutory consultation | Ofgem](#)

set out a summary of responses received, our Decision, implementation timelines, and next steps.

2. Summary of responses

Our statutory consultation closed on the 27 June 2024, and we received 6 responses. All responses received were from non-domestic suppliers. They were all supportive of the changes proposed.

The responses received agreed that these technical changes would provide clarity and allow us to progress as planned with our policy changes from our April Decision. No clarifications or objections were raised by any respondents.

3. Decision and Impact

After reviewing the responses to our May statutory consultation, we have decided to implement the licence modifications as per our May statutory consultation. The changes and the impact of these changes is detailed below.

Updated definitions

We are modifying two defined terms within the supply licence conditions, namely the definitions for 'Third Party' and 'Third Party Costs' held within Condition 1 (specifically, SLC 1.3 in the electricity supply licence and SLC 1.2 in the gas supply licence). These definitions will be updated to remove the narrow reference to Micro Business Consumers contained within them, to ensure the new rules that we are introducing will apply for customers larger than Micro Business Consumers where applicable.

Specifically, one of the policy changes we are making as part of our Non-domestic market review April Decision is to extend the requirement that suppliers must disclose Third Party Costs paid by the customer via the supplier. This requirement currently only applies for Micro Business Consumers, but it is being extended to apply to all Non-Domestic Customers from the 1 October 2024. The licence condition that set out this rule contains the defined terms 'Third Party' and 'Third Party Costs'. However, the current definition of 'Third Party' refers only to third parties that work with Micro Business Consumers. We therefore need to expand this definition to all Non-Domestic Customers for our policy intent to be reflected in our licence rules. We now will replace the reference to 'Micro Business Consumer' with 'Non-Domestic Customer' in the definition in SLC 1 ('Non-Domestic Customer' is an existing defined term in SLC 1).

For 'Third Party Costs' we similarly propose to replace the reference to 'Micro Business Consumer' with 'Non-Domestic Customer'. Again, this definition currently is narrowed to 'Micro Business Consumer', and we intend to broaden this out to allow our policies to be implemented as intended.

These technical changes will ensure our policy intent in our April Decision is achieved and the appropriate rules are applied to suppliers. Appendix 1 sets out the text changes to the SLCs.

Consequential change

As a result of changing the defined term 'Third Party,' to refer to Non-domestic Customers rather than just Micro Business Consumers, we are making a consequential change to SLC 20.5A in the electricity supply licence and SLC 20.6A in the gas supply licence.

These rules set out that suppliers must ensure that any Third Party they work with is a member of a Qualifying Dispute Settlement Scheme. The rule currently only applies when those Third Party's work on behalf of Micro Business Consumers. This scope limitation is not explicitly specified in the above SLCs because the rule includes the defined term 'Third Party', which is currently narrowed in scope to Micro Business Consumers only.

Because we are now updating the definition of 'Third Party' to cover all Non-Domestic Customers, we will insert clarifying text to these licence conditions to maintain the existing scope of the current rule to Micro Business Consumers, and to ensure it applies to Small Business customers when we provide notice this will take effect, as per our April Decision. If we do not make these changes, it would place a requirement on suppliers to require all TPIs they work with to be signed up to a Qualifying Settlement Scheme, regardless of the size of the customer the TPI is representing, which does not match our policy intent. Appendix 1 sets out the text changes to the SLCs.

4. Implementation timelines

The changes to all SLCs set out in this decision will take effect on and from **00:00 on 1st October 2024**. This will ensure the SLC changes contained within this document are aligned with the relevant April Decisions taking effect on 1 October, to ensure our licences reflect our policy intent.

5. Next steps

A Decision Notice will be published alongside this letter. Following the publication of this Decision Notice today, there will be a 56 day standstill period before the licence changes are inserted into the supply licences. Any relevant party that wishes to appeal the

Authority's decision to the Competition Commission may do so on or before 8 August 2024.
As detailed above, the licence condition changes will take effect on 1 October 2024.



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Jemma Baker
Deputy Director – Future Retail Markets
Duly authorised on behalf of the
Gas and Electricity Markets Authority
11 July 2024

Appendix 1 – Proposed Licence modifications

Draft Supply Licence conditions

Deletions are shown in strikethrough and new text is double underlined. We have only shown the licence conditions where modifications or deletions are made.

Standard Gas Supply Licence

Condition 1.2 Definitions in alphabetical order

Third Party means a third party organisation or individual that, either on its own or through arrangements with other organisations or individuals, provides information and/or advice to a ~~Micro-Business-Consumer~~ Non-Domestic Customer about the licensee's Charges and/or other terms and conditions and whose payment or other consideration for doing so is made or processed by the licensee.

Third Party Costs means any fees, commission or other consideration including a benefit of any kind, processed by the licensee and paid or made or due to be paid or made to the Third Party in respect of a ~~Micro-Business-Consumer~~ Non-Domestic Customer Contract, that are passed on to the ~~Micro-Business-Consumer~~ Non-Domestic Customer.

Condition 20. Enquiry service, Supply Number, advice information and dispute settlement – for Non-Domestic Customers

Working with Third Party Intermediaries

Dispute settlement

20.6A The licensee must ensure that in respect of a Micro Business Consumer Contract or a Small Business Consumer Contract, the ~~any~~ Third Party is a member of a Qualifying Dispute Settlement Scheme.

Standard Electricity Supply Licence

Condition 1.3 Definitions in alphabetical order

Third Party means a third party organisation or individual that, either on its own or through arrangements with other organisations or individuals, provides information and/or advice to a ~~Micro-Business-Consumer~~ Non-Domestic Customer about the licensee's Charges and/or other terms and conditions and whose payment or other consideration for doing so is made or processed by the licensee.

Third Party Costs means any fees, commission or other consideration including a benefit of any kind, processed by the licensee and paid or made or due to be paid or made to the Third Party in respect of a ~~Micro-Business-Consumer~~ Non-Domestic Customer Contract, that are passed on to the ~~Micro-Business-Consumer~~ Non-Domestic Customer.

Condition 20. Enquiry service, Supply Number, advice information and dispute settlement – for Non-Domestic Customers

Working with Third Party Intermediaries

Dispute settlement

20.5A The licensee must ensure that in respect of a Micro Business Consumer Contract or a Small Business Consumer Contract, the any Third Party is a member of a Qualifying Dispute Settlement Scheme.