
Notice of reasons under section 49A of the Electricity Act 1989 for the decision to make a Provisional Order under section 25(2) of the Electricity Act 1989

To: Rebel Energy Supply Limited ("Rebel Energy") (company number 10767623) having its registered office at **Bedford Heights Business Centre, Brickhill Drive, Bedford, England, MK41 7PH**, holder of an electricity supply licence granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 ("the Act").

- A. This Notice sets out the reasons why, on 14 March 2025, the Gas and Electricity Markets Authority ("the Authority") made a Provisional Order in respect of likely contraventions by Rebel Energy (the "Provisional Order").
- B. Rebel Energy is the holder of an electricity supply licence granted by the Authority and is subject to the conditions thereunder, which are "relevant conditions" enforceable for the purposes of section 25 of the Act.
- C. The Provisional Order was made as it appeared to the Authority that Rebel Energy was contravening, or likely to contravene, a relevant condition as Rebel Energy withdrew funds from their ringfenced Renewables Obligation (RO) Credit Cover Trust Account ("the RO Credit Cover Trust Account") in contravention of the relevant condition to protect the RO Credit Cover Amount and continue to do so.¹
- D. The Authority has been made aware of the conduct outlined above via a self-report from Rebel Energy on 27 January 2025.
- E. Standard Licence Condition ("SLC") 30 provides the following:

Standard Licence Condition 30. Ringfencing the Renewables Obligation

30.1 By the dates specified in the RO Ringfencing Schedule, a licensee who supplies electricity to Domestic Customers ("the licensee") must:

- *hold the Quarterly Cumulative Obligation for the relevant quarter in the Supplier Account on the Register; and/or*
- *protect the RO Credit Cover Amount and continue to do so.*

- F. Rebel Energy's current Quarterly Cumulative Obligation ("QCO") is £5,420,051.06. Rebel Energy holds £476,930.64 in Renewables Obligation Certificates ("ROCs") based on the Buy-out Price for 2024/25. Therefore, Rebel Energy is required to

¹ Capitalised words have the meaning given to them by SLC 30.

protect the RO Credit Cover Amount to the value of £4,943,120.42 (being the part of the QCO for which Rebel Energy does not hold ROCs multiplied by the Buy-out Price) in its RO Credit Cover Trust Account and continue to do so.

- G. The Authority is concerned that the information currently available to it suggests that Rebel Energy has breached SLC 30 as a result of withdrawals from their ringfenced RO Credit Cover Trust Account in December 2024, leaving a balance of £804.38 as of 20 February 2025, resulting in a shortfall of £4,942,316.04 in protecting the RO Credit Cover Amount.
- H. The Authority engaged with Rebel Energy in respect of if its finances on 27 January 2025. During this meeting, Rebel Energy self-reported a potential breach of SLC 30. Rebel Energy has since provided evidence confirming a withdrawal from this ringfenced RO Credit Cover Trust Account and that the account is significantly below its RO Credit Cover Amount.
- I. The Authority considers that the conduct described above, namely a withdrawal from the ringfenced RO Credit Cover Trust Account in the absence of holding the QCO for the relevant quarter in the Supplier Account on the Register and/or protecting the RO Credit Cover Amount, amounts to the breach of SLC 30, leading to a risk of cost mutualisation and harm for consumers.
- J. The Authority considers it requisite to issue a Provisional Order rather than consulting on a Final Order. It is not appropriate in these circumstances to allow the delay associated with a Final Order. The issuing of a Provisional Order is requisite for the purposes of section 25(2) of the Act to secure compliance with SLC 30 at the earliest opportunity, by replenishing the RO Credit Cover Trust Account, which is necessary, proportionate and in the public interest to ensure the risk of mutualised costs is mitigated. The Authority considers it is requisite to intervene immediately to secure compliance with SLC 30.
- K. The Provisional Order also immediately prohibits Rebel Energy from engaging in all sales, marketing and customer acquisition activity until it evidences to the Authority its compliance with SLC 30. The Authority has considered this provision (commonly referred to as a 'sales ban') very carefully, mindful of its likely impact on Rebel Energy's business. The Authority considers it requisite on this occasion to prohibit Rebel Energy acquiring new customers until it can satisfy the Authority that it is in compliance with SLC 30. Where Rebel Energy acquires new customers, its RO

liability requirements increase, in turn increasing the QCO. This in turn increases the amount of costs at risk of being mutualised. The Authority considers this 'sales ban' to be reasonable and proportionate in the circumstances to limit potential losses to consumers. The Authority also notes that the 'sales ban' will only apply until Rebel Energy can evidence that it is meeting RO the requirement of the Provisional Order and is therefore in compliance with SLC 30.

- L. The Provisional Order also immediately prohibits Rebel Energy from making any payment, providing any loan or transferring any asset to any third party unless that payment, loan or transfer is essential to Rebel Energy's operation as a supplier of electricity to consumers (i.e. a 'ban on non-essential payments'). The Authority has also carefully considered this provision, again mindful of its potential impact on Rebel Energy's business. If Rebel Energy makes non-essential payments, it is likely to decrease the sums available to replenish the RO Credit Cover Trust Account therefore increasing the costs at risk of being mutualised. The Authority therefore considers that this requirement is reasonable and proportionate in the circumstances, again noting that it should apply for a short period of time, as set out at paragraph K above.
- M. The Authority has had regard to the matters in sections 25(3), (4A), (4B), (5) and (5A), and section 26 of the Act. In particular:
 - a. it does not consider that it would be more appropriate to proceed under the Competition Act 1998 (that Act has no application to the present circumstances);
 - b. it is satisfied that the duties imposed on the Authority by sections 3A to 3C of the Act do not preclude the Authority from making the Provisional Order (on the contrary, it considers that its duties require it to make the Provisional Order); and
 - c. it does not consider that the contraventions are trivial.
- N. For the above reasons, the Authority decided to make the Provisional Order requiring Rebel Energy to do the following:
 - 1. Deposit funds into its RO Credit Cover Trust Account equal to its RO Credit Cover Amount by no later than 14 April 2025
 - 2. Until compliance with SLC 30 is achieved in accordance with the preceding paragraph:
 - o Refrain from all sales, marketing and customer acquisition activity, including the acquisition of any new domestic customers or upgrading of all existing domestic customer to dual fuel; and

-
- Refrain from making any payment, providing any loan or transferring any asset to any third party unless that payment, loan or transfer is essential to Rebel Energy's operation as a supplier of electricity to consumers.
 - O. The Provisional Order is published online at: [Compliance and enforcement - Investigations, orders and penalties | Ofgem](#). The Provisional Order has been served to Rebel Energy on 14 March 2025
 - P. The Authority will, in due course, consider whether to consult on confirming the Provisional Order (with or without modifications). Unless earlier confirmed or revoked by the Authority, the Provisional Order will lapse on 14 June 2025.
 - Q. The issuance of the Provisional Order is without prejudice to any further or other enforcement action the Authority may decide to take, in relation to this or any other outstanding or future breaches. The Authority is actively considering whether it is appropriate to impose a financial penalty on Rebel Energy in relation to this breach.

Dated: 14 March 2025

Signed:

Dominic Alexander (Deputy Director)

Duly Authorised on behalf of the Gas & Electricity Markets Authority