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By email only: [licensing@ofgem.gov.uk](mailto:licensing@ofgem.gov.uk)

Dear Holly,

**RE: Updating the licence application guidance**

Thank you for the opportunity to provide feedback on Ofgem's updated licence application guidance. Overall, we are supportive of the proposed changes and believe they provide additional clarity for future applicants and will help support the smooth running of the licence application process.

Having had recent experience of submitting an application for a distribution licence, we do however believe there are some further improvements that could be made to the engagement process between Ofgem and an applicant both before and after the application has been submitted. This mostly relates to the methods Ofgem uses to communicate with an applicant and the timeliness of any communication.

At present, the only way to get in touch with Ofgem in advance of submitting an application is via a generic mailbox. This is also the usual means of contact with Ofgem once an application has been submitted (unless contact has been received directly from a member of the Ofgem team) and leads to the receipt of an auto-generated response which states, "We normally respond to emails within 10 working days. If you have not received a response within this timeframe and the above does not answer your enquiry, please resend your email." In the majority of instances, we find that responses from Ofgem are received either on the last day of the SLA or not at all which is not satisfactory especially when the majority of queries are either seeking a short, swift response and/or requesting further dialogue via preferred communication method such as a phone call or bilateral over Microsoft Teams.

We believe the process could be greatly improved by a likely or confirmed applicant being assigned a named 'account manager' who the applicant could liaise with from the point an organisation is nearing the submission of an application. This would help manage expectations by enabling minor queries to be responded to in a timely manner, reducing uncertainty and ensuring regular dialogue (where needed) throughout the process. We believe this would not only support the applicant but Ofgem too as the need to 'reset the clock' would be significantly reduced. We have found similar setups within Ofgem's compliance team and also the financial resilience team to be helpful to E.ON and Ofgem and encourage the licensing team to find out more about these relationships.

Furthermore, and as per recent experience, contact from the Licensing Team particularly in relation to additional requests and/or outstanding information could be improved by the team providing clarity on the timescales for responding to these requests. We recognise the guidance contains high-level timescales relating to the formal process, but, in order to facilitate a more effective application process we would recommend that any ad-hoc or informal requests are supported with appropriate deadlines. This will help manage an organisation's expectations as well as provide them with an opportunity to highlight where proposed timescales may not be sufficient, allowing Ofgem and the applicant to agree a suitable alternative.

In addition, the investment involved in a project that leads to the application for a licence can be significant and timely approval of a licence is of the upmost importance. Ofgem's processes should be designed in a way that encourages investment, opportunity and growth and we believe an account manager setup would support this.

Further to the points made above, it is important that Ofgem has in place a team with the relevant skills and experience to be able to appropriately assess applications. The Energy Crisis has led to a more significant focus on financial resilience in the supply market. Consequently, some team members should have the ability to assess an applicant's financials in order to reduce the likelihood of future supplier failure. We are aware of some individuals setting up a phoenix company or having continued involvement in the energy market. The right skills are required to identify when an applicant is not entering the market with the right intentions so that consumers receive the right protections.

Separately, we note some areas of the proposed guidance contain outdated references. As the guidance is aimed at parties seeking a licence, some respondents to Ofgem's request for feedback may be unfamiliar with regulatory requirements and not pick up on any anomalies as a result. One example is contained within paragraph 8.68 which makes reference to 3-week switching timescales rather than 5 days. We recommend Ofgem reviews all references to licence to ensure they are up to date.

We hope you find our feedback useful. If you would like to discuss any of the points made in this letter, please do not hesitate to contact me.

Your sincerely

Lucy McMahon  
Senior Regulation Manager