

Updating the licence application guidance

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This document provides notification of updates to the licence application guidance.

Updating the licence application guidance

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1. Introduction

- 1.1 Following a consultation on updating the licence application guidance, we published a [decision](#) to introduce version 2.0 of our licence application guidance on 16 June 2025 .
- 1.2 The purpose of this letter, is to introduce a revised version of the guidance (version 2.1) to provide greater clarity for licence applicants and to further improve our processes. To achieve this, we have made some small changes to the wording in some sections of the document as detailed below.
- 1.3 With the publication of this letter, the changes made to the guidance in version 2.1 take immediate effect for any current or future application.
- 1.4 If stakeholders have any views they would like to provide as feedback on these changes, these can be reported to us via email to licensing@ofgem.gov.uk.

2. Summary of Changes

Tacit authorisation

- 2.1 We have updated existing paragraphs 4.16 – 4.23 regarding tacit authorisation for certain types of application to make this more understandable for applicants.
- 2.2 The updated wording of those paragraphs introduced in version 2.1 of the guidance are shown in Appendix 1 with deleted text ~~struck through~~ and new text double underlined. These updates have been introduced to simplify the wording around the types of applications, and application scenarios that tacit authorisation applies to but our policy remains the same.
- 2.3 Tacit authorisation only applies to shipper, generator or interconnector licence applications. However, tacit authorisation does not apply to the above application types if the applicant has requested modifications to the licence conditions or any variation from the standard terms.

Notice of application

- 2.4 We have also introduced changes to existing paragraphs 3.8-3.11 to improve our processes for publishing notice of duly made applications to reduce the processing timescales to applicants favour.
- 2.5 At the moment, once we have determined their application is duly made, we require applicants to complete a templated notice which they must have signed. However, we will now will provide a completed template and seek their confirmation to publish this on our website. Alternatively, applicants can publish that notice on their own website and provide us with a link for us to republish.
- 2.6 This complies with the requirements of [section 7B\(2\) of the Gas Act 1986](#) and [section 6A\(3\) of the Electricity Act 1989](#), expanded in [Regulation 8 of the Gas \(Applications for Licences and Extensions and Restrictions of Licences\) Regulations 2019](#) and [Regulation 8 of the Electricity \(Applications for Licences, Modifications of an Area and Extensions and Restrictions of Licences\) Regulations 2019](#) respectively regarding publication of such notices.
- 2.7 Introducing these changes will allow us to process and publish the notice of application quicker than previously and reduce the administrative burden on applicants of having to complete the notice and provide a signature. Ultimately this will mean that the processing time period for an application will start sooner.
- 2.8 The updated wording of those paragraphs introduced in version 2.1 of the guidance are shown in Appendix 2 with deleted text ~~struck through~~ and new text double underlined.

3. Further Amendments

- 3.1 Should it be necessary to make further amendments, the guidance document will continue to be amended as appropriate.
- 3.2 Where it is necessary to do so, we will consult on changes to the guidance. However, if it is necessary to make small changes or corrections to reflect updates or changes to our application processes we may do so without notice.

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- 3.3 At any time, stakeholders will be able to see the latest version of the application guidance on our website and be able to distinguish between versions using the version number (currently version 2.1). All changes made to the guidance will also be demonstrated in the version history included as appendix 3 of the guidance.
- 3.4 Should stakeholders wish to make further suggestions for improvements to the guidance or highlight corrections that should be made, these can be reported to us at any time via email to licensing@ofgem.gov.uk

Appendix 1. Revised guidance re: tacit authorisation

4.16 Tacit authorisation ~~refers to situations~~ means where a licence is automatically granted because the Authority did not make a decision within the relevant time period on an application it received. Tacit authorisation can currently apply to shipper, generator or interconnector licence applications. Where it applies, ~~if no decision has been made and no extension has been set~~, tacit authorisation will be deemed to have been granted on the first working day after the relevant time period has lapsed ~~if no decision has been made and no extension has been set~~.

4.17 Any licence deemed to have been granted by tacit authorisation is granted on the same terms, ~~and standard licence conditions, and schedules (including the revocation schedules)~~ as a licences that ~~have~~has been expressly granted. The same terms, licence conditions and schedules (including but not limited to the relevant SLC and revocation schedules) apply to a deemed licence as they would in an expressly granted licence of that type as it would be usually granted by us.

4.18 Tacit authorisation applies only to the following categories of licence, except where the circumstances outlined in paragraph 4.20 apply:

- Gas shipper
- Electricity generation
- Gas or electricity interconnectors

4.19 Tacit authorisation does not apply to these categories of licence:

- Gas or electricity supply
- Electricity transmission
- Electricity distribution
- Gas transporter

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4.20 The issuing of a licence on non-standard terms requires careful consideration, can require a consultation period and may raise consumer protection issues. Due to overriding reasons of public interest, tacit authorisation does not currently apply for gas shipper, generator or interconnector licences where an applicant requests any modifications to the standard licence conditions have been requested, or where the applicant is requesting any variation from standard terms. This is because granting a licence on non-standard terms requires careful consideration, may require a consultation and can raise consumer protection issues. Due to overriding reasons of public interest, the Authority must make an explicit decision before granting such a licence.

4.21 Tacit authorisation also does not apply to interconnector licence applications, where any exemption from certain conditions is requested. Relevant conditions are SLC 9, 10 and 11 of the electricity interconnector licence and SLC 10 and 11 of the Gas Interconnector licence.

4.22 Due to overriding reasons of public interest, tacit authorisation does not currently apply to supply licence applications. Our policy on tacit authorisation for supply licence applications was updated in December 2021 following a [decision to amend the time period for assessment and to remove tacit authorisation](#).

4.23 The removal of tacit authorisation for supply licence applications is intended to ensure that we have sufficient time to consider the information we might reasonably require to be able to conduct a full and robust assessment of the business models of new applicants, to make sure that they applicants are sufficiently prepared for market entry.

Appendix 2. Revised guidance re: notice of application

3.8 The Acts require applicants for a gas or electricity licence to publish notice of their application. The Applications Regulations stipulate that this must be done within 10 working days of our notification that an application is duly made.

3.9 We will ~~facilitate this process~~ issue a 'duly made' letter to the applicant and ~~facilitate this process by obtaining their consent within 5 working days to publish a notice~~ by providing a draft notice of application to the applicant when we advise that the application is duly made, and by publishing this notice on our website once the applicant has confirmed the draft notice is accurate.
Alternatively, Applicants may alternatively choose to publish the notice on their own website, in which case they must inform us and provide us with a link to the notice within 5 working days of receiving the 'duly made' letter, which so we can will also place a copy on the Ofgem website.

3.10 If an applicant fails to provide consent to publish the notice or a link to the notice published on their own website within 5 working days, we will stop the clock on the processing time period and the application may be cancelled. If an applicant still wanted a licence, it would have to re-apply and start the process again, including payment of the relevant fee.

3.11 If the application is for a supply licence restriction, within the 10 working day notice period, the applicant must also publish notice in such newspapers as are best calculated to circulate it throughout the area affected by the proposed restriction. This must be completed within the 10 working day notice period.

3.11 ~~If an applicant fails to send us the completed notice within 10 working days, we will stop the clock on the processing time period and the application may be cancelled. If an applicant still wanted a licence, it would have to re-apply and start the process again, including payment of the relevant fee.~~