

Annex B: Revocation and termination of the code manager licence

This document includes proposed revocation and termination terms for the code manager licences. The terms of each code manager licence will be unique to the licence and underpin the code manager standard licence conditions (SLCs). We have not included the full proposed terms here and have instead focussed on the proposed revocation and termination notice periods, as being consulted on in the [Energy code reform phase 1: transitional measures and code changes consultation](#).

Where this document refers to the Gas Act 1986 and the Electricity Act 1989, the application of those Acts is intended to be specific to the relevant code of the code manager licence. For example, where a code is a designated gas licence document the Gas Act 1986 would apply, but where it is a designated electricity licence document the Electricity Act 1989 would apply. Where a code is a dual fuel code and is designated as both a gas and electricity licence document, both Acts would apply.

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Contents

Termination notice periods	4
Terms of Revocation	4

Termination notice periods

Part 1: Terms of the Licence

1. This licence shall come into force on [COMMENCEMENT DATE] and unless revoked in accordance with the provisions of Schedule 2 shall continue until determined by not less than 5 years notice in writing given by the Authority to the Licensee, such notice must not be served earlier than a date being 5 years after the Licence comes into force.

Terms of Revocation

Schedule 2 – Revocation

1. The Authority may at any time revoke this Licence by giving the Licensee:
 - a) at least 24 hours' Notice in the case of any of the Emergency Revocation Events set out in Section A below;
 - b) at least seven days' Notice in the case of the Grant Revocation Event set out in Section B below; and
 - c) at least 30 days' Notice in the case of any of the Other Revocation Events set out in Section C below.

Part A: Emergency Revocation Event

2. The Emergency Revocation Event is if the Licensee:
 - a) is unable to pay its debts (within the meaning of section 123(1) or (2) of the Insolvency Act 1986, but subject to paragraphs 2 and 3 of this schedule) or has any voluntary arrangement proposed in relation to it under section 1 of that Act or enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Authority);
 - b) has a receiver (which expression shall include an administrative receiver within the meaning of section 251 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed;
 - c) has an administration order under section 8 of the Insolvency Act 1986 made in relation to it;
 - d) passes any resolution for winding-up other than a resolution previously approved in writing by the Authority; or

Annex B: Revocation and termination of the code manager licence

- e) becomes subject to an order for winding-up by a court of competent jurisdiction.
3. For the purpose of paragraph 2(a):
- a) section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£100,000" or such higher figure as the Authority may from time to time determine by notice in writing to the Licensee.
 - b) The Licensee shall not be deemed to be unable to pay its debts if any such demand as is mentioned in section 123(1)(a) of the Insolvency Act 1986 is being contested in good faith by the Licensee with recourse to all appropriate measures and procedures, or if any such demand is satisfied before the expiration of such period as may be stated in any notice given by the Authority under paragraph 1(a).

Part B: Grant Revocation Event

4. The Grant Revocation Event (to which the Authority's power of revocation under paragraph 1(b) relates) is if the Authority is satisfied that a material mis-statement of fact was made by, or on behalf of, the Licensee during or in connection with the code manager selection process.
5. For the purposes of the paragraph above, the code manager selection process includes the following:
- a) eligibility assessment;
 - b) licencing assessment; and
 - c) implementation and assurance assessment.

Part C: Other Revocation Event

6. The Other Revocation Events (to which the Authority's power of revocation under paragraph 1(c) relates) are:
- a) if the Licensee agrees in writing with the Authority that the Licence should be revoked;
 - b) the Licensee fails to comply with a final order and such failure is not rectified to the satisfaction of the Authority within three months after the Authority has given notice in writing of such failure to the Licensee - provided that no such notice shall be given by the Authority before the

Annex B: Revocation and termination of the code manager licence

- expiration of the period within which an application under section 27 of the Electricity Act 1989 or under section 30 of the Gas Act 1986 could be made questioning the validity of the final or provisional order or before the proceedings relating to any such application are finally determined;
- c) the Licensee fails to pay any financial penalty by the due date for such payment and such payment is not made to the Authority within three months after the Authority has given notice in writing of such failure to the licensee - provided that no such notice shall be given by the Authority before the expiration of the period within which an application under section 27E of the Electricity Act 1989 or under section 30E of the Gas Act 1986 could be made questioning the validity or effect of the financial penalty or before the proceedings relating to any such application are finally determined;
 - d) if the Licensee fails to comply with:
 - i. an order made by the court under section 34 of the Competition Act 1998;
 - ii. an order made by the Authority under Sections 158 or 160 of the Enterprise Act 2002;
 - iii. an order made by the CMA under Sections 76, 81, 83, 84 and 161 of the Enterprise Act 2002; or
 - iv. an order made by the Secretary of State under Sections 66, 147, 160 or 161 of the Enterprise Act 2002;
 - e) if the Licensee has ceased (other than as directed by the Authority under these Terms) to carry on any part of the Code Manager Business.
 - f) if the Authority considers that the Licensee has breached, or is breaching, any condition of this Licence, or any statutory requirement imposed on the Licensee in consequence of or in connection with this Licence, in a manner or to an extent that is so serious as to make it inappropriate for the Licensee to continue to hold this Licence;
 - g) The Licensee breaches (or fails to take all appropriate steps to prevent some other person causing it to breach) code manager standard licence condition 7 (Restrictions on the Licensee becoming a Related Undertaking); or
 - h) The Authority is satisfied (whether having regard to the conduct of the Licensee under this Licence or otherwise) that the Licensee no longer is,

Annex B: Revocation and termination of the code manager licence

or never was, a fit and proper person to carry on the Code Manager Business.