

British Gas Trading

Date: 18 August 2026

Derogation from SLC 22B for low standing charge tariffs offered as part of a pilot

This publication sets out the decision of the Gas and Electricity Markets Authority (the “Authority”) to grant British Gas Trading Limited, company number 3078711, a limited derogation from Standard Licence Condition (SLC) 22B (Requirements to make all tariffs available to new and Existing Customers) of their electricity and gas licences respectively, in the terms (and subject to the conditions) set out in the attached Directions.

The purpose of this derogation is to support [lower standing charge pilot tariffs](#) that are being introduced into the market to test customer uptake and response to those tariffs, in particular British Gas Trading’s ‘Fixed Lighter’ tariffs.

Background and policy context

In September 2025, we [consulted on introducing a new requirement](#) where suppliers must offer at least one lower standing charge tariff. These proposals would aim to give customers more choice and control over how they pay for their energy bills. Following stakeholder feedback, we are working with participating suppliers on a lower standing charge tariff pilot to provide evidence to support next steps on standing charge reform. The collection of data from the pilot will allow us to assess the number of customers that sign up to the tariffs and gather their feedback.

As part of the lower standing charge tariff pilot, suppliers would be able to limit lower standing charge tariffs to customers above a minimum consumption threshold, set at a level to avoid second homeowners benefiting at the expense of others. In the process of setting up the lower standing charge tariff pilot, British Gas Trading have engaged with us and requested a derogation from SLC 22B. Following this engagement, we consider that there is a case to grant British Gas Trading a limited derogation from SLC 22B. British Gas Trading highlighted that they only have confirmation of existing customers’ consumption to enable them to check eligibility for the pilot tariffs, which is why they are seeking a derogation allowing them not to offer the pilot tariffs to new customers. In addition, they noted that opening up to new customers would significantly delay their go-live date. We want suppliers to be able to offer these pilot tariffs and consider that introducing them into

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the market is in the customer interest, as we can gain further evidence on customer uptake and experience. We also consider that this derogation is tightly limited and does not negatively impact the primary policy objective of SLC 22B (i.e. in relation to market stability/ acquisition only deals), or the wider policy intent of bolstering customer trust.

SLC 22B states that “the licensee must ensure that all its Tariffs are available to, and are capable of being entered into by, both new and existing Domestic Customers”. Ofgem introduced this measure in April 2022 to address risks to customers from ongoing wholesale market volatility. The principal policy intent of SLC 22B is to reduce the likelihood of unsustainable price competition between existing suppliers in the event of wholesale prices falling quickly and significantly by stopping suppliers from offering “acquisition only” deals exclusively to new customers. In addition, in our recent [decision](#) we outlined our view that extending the BAT will ensure continuity in price protection for the most vulnerable and disengaged customers who are unable to switch, and could bolster customer trust.

SLC 22B allows Ofgem to exempt licensees from this requirement to such an extent and subject to such conditions as it may direct.

Ofgem position

Pursuant to SLC 22B.3, we have decided to grant a limited derogation from SLC 22B (Requirements to make all tariffs available to new and existing customers) for lower standing charge pilot tariffs (as described in the attached Directions) that customers are able to sign up to as part of the time-limited pilot. This derogation is limited to lower standing charge pilot tariffs available for customers to enter into between 11 August 2026 and up to 10 August 2027.

We consider that granting British Gas Trading a derogation to only offer its lower standing charge pilot tariffs to existing customers does not negatively impact the policy intent of SLC 22B. Given the nature of the pilot as offering tariffs on a relatively small scale for the primary purpose of collecting evidence, we consider providing such a derogation to British Gas Trading would allow them to offer tariffs that would benefit the pilot. We consider that this would be in the benefit of customers and would not detract from the purpose/ operation of the pilot.

We want to enable suppliers to offer these lower standing charge pilot tariffs in order to gather more evidence on supplier pricing of the tariffs, and customer uptake and experience. This will feed into our policy process for considering future options. As well as providing us evidence to feed into our policy process, this pilot could positively impact eligible customers in the near term by fulfilling a genuine demand for these tariffs, and fostering greater choice and control for customers.

The Authority’s Decision

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The Authority therefore grants British Gas Trading Limited a limited derogation from SLC 22B for lower standing charge pilot tariffs with effect from the date, and subject to the terms, set out in the attached Directions.

The Authority considers derogation requests of a case-by-case basis, taking into account the particular facts and evidence provided. Decisions to issue a derogation do not establish a general policy.

If you have any questions about this derogation, please contact standingcharges@ofgem.gov.uk

Yours sincerely,

David Hall

Deputy Director, Cost Allocation and Recovery Review

Attachment 1- Electricity Supplier Licence

The Company Secretary

British Gas Trading Limited

Millstream West

Maidenhead Road, Windsor

SL4 5GD

Direction issued to British Gas Trading Limited (company number 3078711, the “Licensee”) by the Gas and Electricity Markets Authority (the “Authority”)

1. The Authority issues this direction pursuant to Standard Licence Condition (“SLC”) 22B of the electricity supply licence granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 to the Licensee.
2. Capitalised terms used in this Direction which are not defined in this Direction shall have the meaning given to them in the Licence.
3. Paragraph 3 of SLC 22B provides that the Authority may issue directions relieving the Licensee of its obligations to comply with specified parts of SLC 22B to such extent and subject to such conditions as the Authority may direct.
4. The considerations and reasons for the Authority’s decision are set out in the accompanying letter to the Licensee, dated 18 August 2026.
5. The Authority directs that the Licensee is relieved of its obligations to comply with paragraph 1 of standard condition 22B of the Licence to the extent that it may offer Fixed Lighter Electricity tariffs exclusively to existing Domestic Customers.
6. A Licensee may only rely on this derogation in the event that it complies with the condition that it is required to report any change of circumstances relevant to this Direction to the Authority without delay.
7. This Direction shall be effective from 11 August 2026 and will continue to be in force up until 10 August 2027, when the ability to enter into the new pilot tariffs is expected to end, unless this Direction is revoked earlier or varied in writing by the Authority.

Dated: 18 August 2026

David Hall

Deputy Director, Cost Allocation and Recovery Review

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Attachment 2- Gas Supply Licence

The Company Secretary

British Gas Trading Limited

Millstream West

Maidenhead Road, Windsor

SL4 5GD

Direction issued to British Gas Trading Limited (company number 3078711, the “Licensee”) by the Gas and Electricity Markets Authority (the “Authority”)

1. The Authority issues this direction pursuant to Standard Licence Condition (“SLC”) 22B of the gas supply licence granted under section 7A(1) of the Gas Act 1986 to the Licensee.
2. Capitalised terms used in this Direction which are not defined in this Direction shall have the meaning given to them in the Licence.
3. Paragraph 3 of SLC 22B provides that the Authority may issue directions relieving the Licensee of its obligations to comply with specified parts of SLC 22B to such extent and subject to such conditions as the Authority may direct.
4. The considerations and reasons for the Authority’s decision are set out in the accompanying letter to the Licensee, dated 18 August 2026.
6. The Authority directs that the Licensee is relieved of its obligations to comply with paragraph 1 of standard condition 22B of the Licence to the extent that it may offer the Fixed Lighter Gas tariffs exclusively to existing Domestic Customers.
7. A Licensee may only rely on this derogation in the event that it complies with the condition that it is required to report any change of circumstances relevant to this Direction to the Authority without delay.
8. This Direction shall be effective from 11 August 2026 and shall continue to be in force up until 10 August 2027, when the ability to enter into the new pilot tariffs is expected to end, unless this Direction is revoked earlier or varied in writing by the Authority.

Dated: 18 August 2026

David Hall

Deputy Director, Cost Allocation and Recovery Review

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