Decision

Proposed changes to simplify the gas and electricity supply licence

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This is our decision to make changes to the standard licence conditions to make them easier to use. These changes will improve the formatting and layout of the licence, remove out-of-date licence conditions and consolidate definitions within the conditions.

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Introduction

Today we are publishing our final decision on proposed changes to the gas and electricity supply licence. This work is the first step in our vison for simpler rules for energy suppliers and constitutes part of our broader work on consumer outcomes.

To implement this, on 23 June 2026 we issued a statutory consultation proposing to:

- Improve the formatting and layout of the licence.
- Remove outdated licence rules that have expired or are no longer relevant.
- Improve how definitions are set out within the licence.

The purpose of this work is to ensure the supply licence is shorter, clearer and easier to navigate, and is streamlined as much as possible ahead of introducing broader outcomes. As noted in our June publication, we have already moved the supply licence online to improve usability.

In line with feedback, we have moved through this work promptly, as there is no substantive impact on the meaning of the licence conditions.

There was broad support for the proposals set out on the 23 June. There was general agreement with the consultation questions and that the licence should be simplified. It was also noted that Ofgem should progress swiftly to implement these changes.

For each part of the statutory consultation, we outline our proposed changes, stakeholders' views, and our response and decision.

1. Improving the formatting and layout of the licence

Changes proposed in our statutory consultation

1.1 We highlighted changes we had made to improve the format of the licence (e.g. moving to an online/html version). We also sought views on how to further improve the format of the licence (e.g. how to treat not used licence conditions).

Stakeholders' views

1.2 There were a minority of responses that outlined, in their view, that the new online/html version of the SLCs was less user friendly. The main points highlighted were, the removal of the option to download to pdf, the search functionality being more difficult and the table of contents missing.

1.3 For unused SLCs, responses to question 1 agreed with the change to "not in use" encouraging consistency within the documents.

Our response and decision

1.4 Since the move to html, we have identified and successfully resolved some technical and performance issues, resulting in an improved user experience:

- We have now included a "click here for a pdf version" option, located at the top of the web page. This allows users to easily convert to pdf and download it, should they wish to do so.
- We have investigated the search functionality and made improvements. In our view there is no advantage to searching on pdf over html. However, if users prefer that method, then they still have that option by converting to pdf.
- The table of contents does not appear at the top of the webpage, as the pdf version does. Instead, it uses a navigation pane on the left side to provide an improved service by remaining visible while users scroll, making it easier to navigate the document.
- Several respondents also noted that as licence conditions change over time, it would be useful to have a history or audit trial of previous SLC versions. This option is available and Appendix 1 provides information on how to access these versions.

1.5 We have decided to amend the wording of unused SLCs to one consistent term "not in use".

2. Removal of outdated licence rules that have expired or are no longer relevant

Changes proposed in our statutory consultation

2.1 In our June publication we proposed to remove several licence conditions as they were either obsolete due to the condition containing a set historic expiry date (that had not been extended) or were no longer relevant. These licence conditions were:

- **SLC21A** *(electricity and gas supply licence):* Provision of the annual statement of supply to Participants of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme
- **SLC 25D** *(electricity supply licence only)*: Power to direct payment of rebates to Domestic Customers
- **SLC 25E** *(electricity supply licence only)*: Power to direct Energy Bill Support Scheme Payments to Domestic Customers (EBSS)
- **SLC 28A** *(electricity and gas supply licence)*: Prepayment Charge restriction
- **SLC 28AA** *(electricity and gas supply licence)*: Regulation of charges for certain Domestic Customers
- **SLC32A** *(electricity and gas supply licence)*: Power to direct suppliers to test consumer engagement measures
- **SLC 56** *(electricity supply licence)* and **SLC 50** *(gas supply licence)*: Database to facilitate customer engagement

Stakeholders' views

2.2 All respondents that provided specific feedback supported the removal of these licence conditions.

Our response and decision

2.3 Following consideration of the responses, we have decided to remove all these licence conditions, **except** SLC 56 & 50.

2.4 We noted in our consultation that SLC 56 & 50 were introduced in response to a CMA order. The CMA has a statutory duty to keep under review undertakings and orders made under the Enterprise Act 2002 and from time to time, the CMA must consider whether, by reason of any change of circumstances, undertakings or orders are no longer appropriate and need to be amended or removed. We engaged with the CMA during this consultation/decision process, and the CMA will consider our proposals to remove these licence conditions and review the order in due course.

2.5 As the CMA order remains in place, and any review is unlikely to be complete before these changes take effect, we will **not** proceed with the removal of SLC 56

& 50 at this time. However, should the CMA decide to review and revoke the order, we intend to proceed with the removal at that point. Our view remains that SLC 56 & 50 are no longer relevant.

3. Improving how definitions are set out within the licence

Changes proposed in our statutory consultation

3.1 In our consultation we proposed collating as many definitions as possible within SLC 1.

Stakeholders' views

3.2 All agreed with this approach. Some respondents noted that external documents such as guidance may refer to the SLCs that originally contained the definitions (for example, SLC 0.9), which would now be removed.

Our response and decision

3.3 We have decided to proceed with consolidating definitions in SLC 1. As we are no longer removing SLC 56/50, definitions in these SLCs will now be moved into SLC 1 as well.

3.4 We recognise that some external documents may refer to SLCs that originally contained definitions. However, we do not expect these documents to be materially affected in practice, as the definitions themselves are not changing and will instead be in SLC 1. Any reference to these definitions should now be applied to SLC 1 going forward. In addition, we aim to review guidance documents that relate to each of the consumer outcomes.

3.5 We have also made some minor additional amendments to our consulted changes, to the gas and electricity supply licence conditions. These changes mostly relate to the correct alphabetical order of definitions within SLC 1 and other minor drafting amendments.

4. Our decision and next steps

4.1 We have decided to proceed with changes to improve the formatting of the licence (e.g. unused licence conditions), remove six out-of-date licence conditions and consolidate definitions within SLC 1 (with the exclusion of smart meter definitions). These changes shall take effect from 28 December 2026.

4.2 This decision is our first step to improve the electricity and gas supply licence conditions. We aim to continue assessing areas that could be improved to make them more user friendly. We will also ensure the SLCs are maintained and regularly reviewed on an ongoing basis going forward.

4.3 In June we made a strategic decision to shift towards a more outcomes-based approach to regulating the domestic and non-domestic energy retail markets. We also consulted on the implementation of our first consumer outcome, focused on billing.

4.4 We appreciate the responses received and are carefully considering the feedback. We will provide further updates on both the billing outcome and the wider consumer outcomes framework in due course.

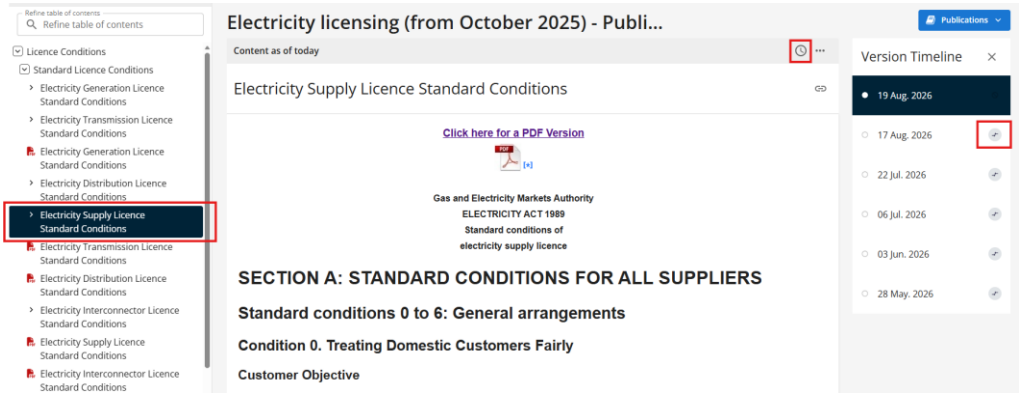
Appendix 1: How to view historic versions of the licence

A1.1 There are different ways of viewing historic versions of the licence:

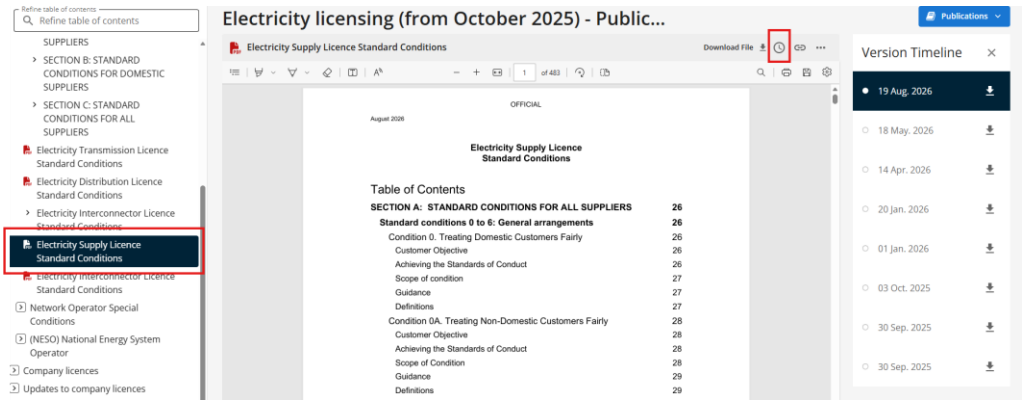
- Most recent changes are available via the clock icon at the top right-hand corner of the webpage. By clicking this icon, users will see previous versions of the document, beginning from end of May 2026 (Extract A, Appendix 1).
- Updates from 30 September 2025 until 18 May 2026 (before html was introduced) can be found in the **pdf** section of the current version of the supply licence (Extract B, Appendix 1).
- Updates prior to September 2025 (older historic versions of the SLCs) are available in the Electricity & Gas licensing January 1986 to September 2025 section (Extract C, Appendix 1).

A1.2 Version history will continue to be updated anytime the supply licence changes in the future. One of the key advantages of the HTML format is the ability to compare versions directly, via the "compare with selected" option next to each version (Extract A, Appendix 1). This removes having to manually review documents side by side.

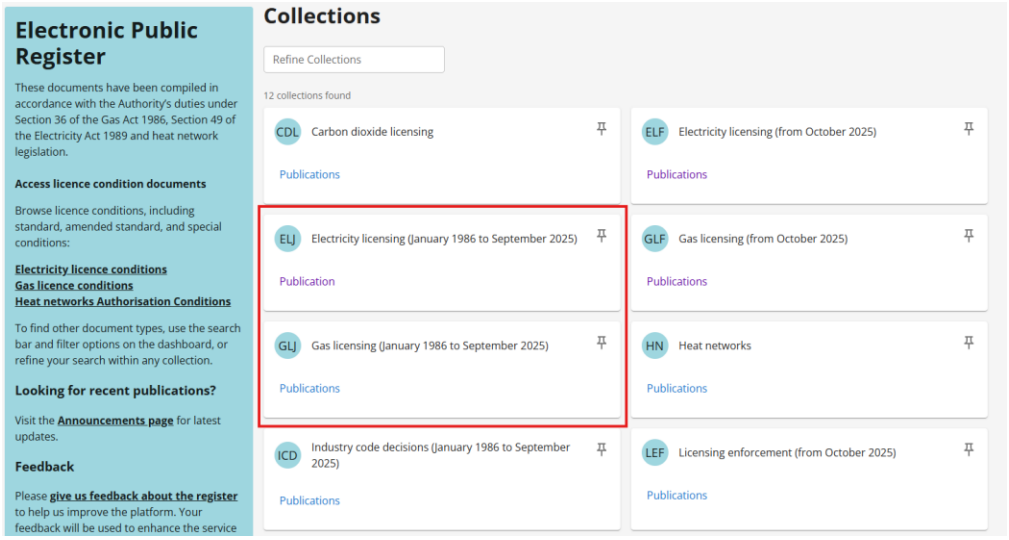
Extract A



Extract B



Extract C



Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this decision. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.