Decision

Renewing the Ban on Acquisition-only Tariffs (BAT) after March 2027

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Standard Licence Condition (SLC) 22B, the Ban on Acquisition-only Tariffs (BAT) is due to expire by default on 31 March 2027, unless renewed as per our existing licence powers. We consulted on extending the BAT until 31 March 2028 in our consultation, which ran from 28 August until 25 September 2026. In that consultation we also consulted on the merits of extending the BAT's associated market-wide derogation for the same period.

Following review of stakeholder feedback and market impact, this document sets out our decision to extend both the BAT and the associated market-wide derogation until 31 March 2028. For clarity, this document should be taken as our written statement to extend the current temporary BAT (SLC 22B) for another 12 months using our existing licence powers. The Directions (to Gas and Electricity licensees respectively) that provide for the market-wide derogation from SLC 22B and that have been in force since 14 April 2022, remain unchanged.

This decision only relates to extending the BAT and the market-wide derogation temporarily until 31 March 2028. It should not be read as a view on whether these measures should become enduring parts of the retail energy market.

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Decision: Renewing the Ban on Acquisition-only Tariffs (BAT) after March 2027

Executive summary

This document sets out our decision to extend the Ban on Acquisition-only Tariffs, known as the BAT, and retain the associated market-wide derogation, for a further 12 months until 31 March 2028. This confirms our minded to position set out in our consultation published in August 2026 on whether the two measures should be renewed beyond March 2027.

The BAT was introduced in April 2022 as a temporary intervention and has subsequently been renewed on an annual basis. In our previous decisions, we said our default position was to retain the BAT until substantive decisions are taken on its longer-term role, unless compelling evidence emerges that retaining it would be actively harmful.

Having considered the consultation responses, we remain of the view that the rationale for the previous extension of the BAT until March 2027 remains relevant. In particular, we consider the BAT continues to have benefit for consumers.

Firstly, we consider the BAT continues to support consumer trust and confidence. Our latest consumer research indicates that most consumers believe suppliers' best energy deals should be available to existing as well as new customers. Removing the BAT could lead to a perception that existing customers are treated less favourably, potentially undermining confidence in the market.

Secondly, we consider the BAT continues to provide consumer protections. It helps to ensure that access to competitive tariffs does not depend on switching supplier. If the measure was removed, some existing customers, particularly fixed term tariff customers who are unable or unwilling to switch supplier, could also end up paying more if suppliers subsidised their acquisition-only tariffs through higher prices for their existing fixed term tariff customers. This is particularly relevant for customers who face barriers to switching supplier, including some customers in debt. Given record levels of domestic energy debt, continued pressure on household finances and rising energy bills, these protections are especially important.

We recognise that the BAT is likely to have a mixed effect on competition. While it is likely to reduce the range of cheaper deals available to active customers, the BAT may also encourage suppliers to find non-price means to attract and retain customers such as improved service. The associated market-wide derogation further supports internal tariff switching and provides additional benefits to existing customers.

Finally, we consider that the BAT still supports sustainable competition and market stability. While supplier resilience has strengthened significantly since the gas crisis of 2021-2022, challenges remain, especially in light of the impact of conflict in the Middle East on wholesale energy prices.

For these reasons, we have decided to extend the BAT and the market-wide derogation until 31 March 2028. The decision relates only to the temporary continuation of the existing measures and should not be interpreted as a decision on their permanent status within the retail energy market.

The longer-term role of the BAT, including its interaction with our work on future price protection and wider retail market arrangements, is being considered separately.

1. Introduction

In this section, we briefly provide context on the BAT and the decision-making stages around extending it.

1.1. The Ban on Acquisition-only Tariffs ("BAT") is due to expire by default on 31 March 2027, unless renewed as per our existing licence powers. The existing renewal mechanism in SLC 22B allows for the BAT to be extended on an annual basis.

1.2. The BAT ensures that any discounted deals available to a supplier's new customers are also available to existing ones. The market-wide derogation allows suppliers to offer 'retention only' tariffs exclusively to their existing customers which are cheaper than their tariffs available externally to new customers.

1.3. The BAT was introduced in April 2022 alongside the Market Stabilisation Charge (MSC) as a temporary measure to address extreme wholesale market volatility and high energy prices. Together, these interventions helped improve the resilience of the GB domestic retail energy market during a period of significant uncertainty for both suppliers and consumers. At the same time, a market-wide derogation was introduced.

1.4. Since then, we have extended the BAT and market-wide derogation on an annual basis following consultation. In our two most recent decisions, we made clear that our default position is that the BAT would remain in place until substantive decisions are made on its permanent status.

Decision-making stages

1.5. We are grateful to all respondents for sharing their feedback and evidence to our consultation in August. We received fourteen responses; eight from energy suppliers, three from consumer groups/charities, one from an energy consumer (who did not express a view when responding to the questions), one from an energy broker and one from a price comparison website.

1.6. Following this decision, the BAT will be extended along with the market-wide derogation until 31 March 2028 using the existing renewal mechanism within SLC 22B. No licence modifications are required to SLC 22B for gas and electricity domestic suppliers, in order for this decision to take effect.

Stage 1 Consultation opened: 28 August 2026

Stage 2 Consultation closed: 25 September 2026

Stage 3 Consultation decision and responses published: 10 November 2026

2. Extending the BAT beyond 31 March 2027

In this section, we summarise our proposal to extend the BAT until 31 March 2028 and stakeholders' responses to the consultation, address their key points and summarise the rationale for our decision.

Questions

Q1. Should the BAT (SLC 22B) be renewed until 31 March 2028?

Q2. If you consider that SLC 22B should be removed from 31 March 2027, please share specific evidence to support your arguments.

Our proposal

2.1 Our August 2026 consultation set out our proposal to extend the BAT for another 12 months. We considered the impacts in the following areas:

- Consumer trust: Survey evidence suggests strong public support for the principle behind the BAT, with 70% of consumers favouring equal access to suppliers' best deals for both existing and new customers. If the BAT was removed, customers may perceive the market as unfair if only new customers can access the cheapest tariffs and existing customers face higher prices when introductory deals end. An erosion of trust could weaken effective competition over the longer term by reducing consumer confidence and engagement in the retail market.

- Consumer protection: The BAT protects existing fixed-term tariff customers by preventing suppliers from offering cheaper tariffs only to new customers which are subsidised by higher prices for existing customers. This protection is relevant for customers who are willing to switch internally but are not sufficiently engaged to switch externally. The protection is also particularly important for vulnerable customers and those in debt, who may face restrictions on switching suppliers and therefore rely on access to their current supplier's best tariffs. With domestic energy debt reaching record levels and cost-of-living pressures continuing, Ofgem considers that the BAT remains an important safeguard for customers who have limited ability to switch supplier.

- Competition: The BAT will likely have a mixed impact on competition. By reducing suppliers' incentives to offer heavily discounted acquisition only tariffs, it may limit some of the cheapest deals available to active switchers and dampen external switching. However, it may also encourage suppliers to compete through service quality and to retain existing customers through improved service and retention offers permitted under the market-wide derogation. Since the BAT was introduced, competition indicators have generally strengthened, including a recovery in fixed-term tariff uptake and continued switching activity, although external switching softened slightly in 2026.

- Market stability: The BAT supports sustainable competition by reducing incentives for suppliers to use unsustainably cheap acquisition tariffs, lowering the risk of supplier failures. Banning acquisition tariffs also helps mitigate the risk of stranded hedges by limiting large-scale switching away from default tariffs during periods of wholesale price volatility, thereby reducing potential supplier losses. The financial resilience measures Ofgem has introduced since 2021-22, together with our ongoing monitoring and supervision of suppliers, have strengthened supplier resilience. However, supplier failures in 2025 and the impact that ongoing geopolitical uncertainty is having on wholesale energy prices demonstrate that market risks remain. More generally, we recognise that keeping the BAT in place until key decisions are made on its future, will help to provide a level of regulatory certainty.

Stakeholder feedback

2.2 Our consultation invited feedback and evidence from stakeholders on our proposal. In the absence of compelling evidence clearly demonstrating otherwise, we noted that we would extend the BAT until March 2028 using our existing licence powers. Key points from consultation responses are summarised below.

Suppliers

2.3 All eight suppliers agreed with our proposal to extend the BAT until March 2028. Most repeated or referred back to arguments put forward in their responses to previous consultations to extend the BAT in line with our rationale.

2.4 In the arguments put forward in their responses to the August consultation and in previous responses they referred back to, most suppliers said that the BAT protects existing customers, especially those less able to switch. They added that

the BAT supports consumer trust and confidence in the market by ensuring existing customers have access to the same deals as new customers.

2.5 All suppliers agreed that the BAT supports supplier financial resilience and market stability by restricting unsustainable pricing. Two suppliers added that the current environment of high and volatile wholesale energy price reinforces the rationale to extend the BAT; one of them said it increases the risk that sharp changes in wholesale prices could leave suppliers with stranded hedge positions.

2.6 One supplier supported extending the BAT but disagreed with some of the arguments put forward in the consultation and additionally highlighted ways in which it considered the BAT provides protection to consumers and enhances competition. For example, it said that the BAT also protected standard variable tariff customers by enabling them to access the cheaper products available in the market, and that removing the BAT could lead to upward pressure on non-acquisition prices.

2.7 One supplier said that Ofgem should confirm its final decision on the extension of the BAT before the start of the observation window for the April 2027 price cap period. It said this is necessary, so suppliers know what the rules are before making pricing and customer acquisition decisions for that period.

2.8 Four suppliers said that Ofgem should make BAT a permanent measure. One of these suppliers expressed concern that Ofgem has not yet undertaken a full consultation process on implementing the BAT as a permanent measure. It said the BAT had originally been introduced as a temporary mechanism during the last gas crisis and the repeated extensions mean it can no longer be considered as temporary.

2.9 Another supplier highlighted that Ofgem had temporarily extended the BAT a number of times since it was introduced. It said that Ofgem should make it a permanent measure as part of a future wider review into price protection. In the meantime, it added that Ofgem should make the BAT a “semi-permanent” licence condition rather than continuing to renew it on a temporary basis to provide greater regulatory certainty.

2.10 A supplier said that a wider review, including the BAT, should also incorporate implementation of the fair value outcome as part of Ofgem’s move towards outcomes-based regulation. The supplier added that another option was to pause implementation of the fair value outcome while the review into price protection was carried out.

2.11 A supplier added that a full review and consultation of the BAT was also necessary to address uncertainties about whether “win-back” credits or offers are allowed.

Historically suppliers have offered win-back credits to customers who have begun the process of switching away to incentivise them to remain with their existing supplier. Following engagement with suppliers on this issue, Ofgem set out in a "regulatory expectations" letter in June that such win-back credits were not compliant with other licence conditions relating to informed choice (SLC 25.3) and fairness and material imbalance (SLC 0). Another supplier said that Ofgem should consolidate all its letters around the enforcement of BAT into updated formal guidance.

2.12 One supplier said that when Ofgem carries out its more detailed review of the BAT, it should model how the market will work with and without the BAT and should explore whether amendments can improve the measure. For example, it said Ofgem could review whether allowing suppliers to vary their tariff offerings across sales channels will reach and engage more consumers.

2.13 One supplier said that the exemption to the BAT for collective switches should be removed from the licence. It said that as with other tariffs not exempted from the BAT, collective switches should only be allowed to take place if the same tariffs can be offered to the supplier's existing customers. It said that the exemption of collective switching tariffs was not consistent with the rationale presented for extending the BAT in the consultation.

Consumer groups/ charities

2.14 All three consumer groups and charities agreed with our proposal to extend the BAT, supporting the rationale put forward in the consultation.

2.15 The groups said that extending the BAT will ensure fair prices for existing customers, which is especially important for those unable to switch. Two groups said that removing the measure risked resulting in a return of the loyalty penalty for customers who do not switch.

2.16 The groups agreed that the BAT supported consumer trust in the energy market and market stability. One group said that while the BAT reduces the range of cheaper prices for active customers, it considered that the positives of renewing the measure far outweigh the negatives. One group said that Ofgem should consider making BAT permanent to provide greater certainty to consumers and industry.

Other stakeholders

2.17 A price comparison website disagreed with our proposal to extend the BAT. It said the measure was not necessary for price protection purposes as the price cap already protects customers who don't engage. It said that the BAT results in higher

prices for engaged customers and is having a significant impact on competition. It added that the measure was not needed to support sustainable competition and market stability as Ofgem's minimum capital requirements for suppliers should be sufficient to do so.

2.18 Concerns were raised that the BAT may be having a negative impact on competition, with switching activity having softened and the potential savings available from switching having reduced. It was argued that removing the BAT could encourage greater competition for new customers, increasing the availability of cheaper deals, consumer choice and incentives to engage with the market.

2.19 Another industry participant agreed with our proposal to extend the BAT. It said the measure encourages suppliers to win new customers by improving service rather than on price alone and stops customers who don't switch being charged more.

Our response

2.20 We welcome the broad support from stakeholders for extending the BAT for a further 12 months. Respondents generally agreed that the BAT continues to provide benefits to consumers and the wider retail market, including by protecting existing customers, supporting consumer trust and confidence, and contributing to supplier resilience and market stability. We consider that these responses support the rationale for extension set out in our consultation. In this section below, we address the additional points and qualifications raised by stakeholders.

2.21 We recognise the benefit of providing clarity on the extension of the BAT ahead of the start of the observation window for the April 2027 price cap period, particularly given the commercial decisions suppliers may need to make. We have therefore published this decision ahead of the start of the observation window on 18 November.

2.22 We recognise stakeholders' desire for greater regulatory certainty about the longer-term role of the BAT. While extending the BAT for a further 12 months does not resolve that longer-term question, it provides greater certainty over the regulatory arrangements that will apply until March 2028. As we have previously made clear, any consideration of the BAT's longer-term role would need to take account of its interaction with wider arrangements for price protection and the future retail market, including the price cap and the wider work being done on the fair value outcome.

2.23 We acknowledge one stakeholder's point that the price cap already provides protection for customers who do not engage, with these customers likely on default tariffs. However, the BAT provides a different form of protection by ensuring that existing customers are not excluded from tariffs available to new customers.

2.24 As highlighted by another stakeholder, the price cap sets a maximum amount suppliers can charge, and it does not prevent suppliers from pricing below that level. The BAT would remove the ability of suppliers to set cheaper acquisition-only tariffs, funded by higher prices for existing customers. This effect would primarily relate to fixed tariff pricing, given that most suppliers price their default tariffs at the cap. However, we acknowledge that there could also be an effect on default tariffs, to the extent that suppliers price beneath the cap.

2.25 We acknowledge that Ofgem's strengthened financial resilience measures may have reduced the role of the BAT as a market stability measure. However, we consider that the BAT can continue to provide additional protection against potentially unsustainable forms of price competition.

2.26 We acknowledge the comments around the BAT's potential negative impact on external switching and competition more generally. As set out in our consultation, we consider that the BAT has a mixed impact on competition, and that the potential reduction in acquisition-only offers needs to be balanced against the benefits it provides to existing customers and the wider market.

2.27 We note the points raised about the interaction between win-back activity and the BAT. Our June open letter separately addressed win-back activity in the context of other licence conditions, including SLC 25.3 and SLC 0. We do not consider it necessary to revisit those issues as part of this decision on the temporary extension of the BAT.

2.28 We consider the exemption for collective switching arrangements to be consistent with the overall purpose of the BAT. In a collective switching arrangement, eligibility for the relevant tariff is based on the participation criteria of the relevant collective switching scheme, rather than simply on whether a customer is new to or already with the winning supplier. This differs from an acquisition-only tariff, which is available to new customers but withheld from the supplier's existing customers.

2.29 We also consider that there is a risk that applying the BAT to collective switches could undermine the collective switch model itself. If the tariff offered by the winning supplier had to be made available to all that supplier's existing customers, including those who had not signed up to the collective switch, this could reduce the organiser's ability to procure an exclusive bulk offer.

Our decision

2.30 Having considered the stakeholder feedback and evidence received, we consider that the rationale for extending the BAT set out in our August consultation remains valid. We did not receive any new and compelling evidence that would justify allowing the BAT to expire on 31 March 2027. We have therefore decided to extend the BAT for a further 12 months until 31 March 2028.

3. Retaining the Market-wide Derogation beyond 31 March 2027

In this section, we recap our proposal to retain the market-wide derogation until 31 March 2028 and stakeholders' responses to the consultation, address their key points and summarise the rationale for our decision.

Questions

Q1. Should the BAT's associated market-wide derogation be retained until 31 March 2028, alongside our proposals to extend the BAT for the same time period?

Q2. If you consider that the market-wide derogation should be removed after 31 March 2027, please share specific evidence to support your arguments.

Our proposal

3.1 Under the market-wide derogation from SLC 22B, suppliers are allowed to offer exclusive 'retention-only' tariffs to their existing fixed term contract customers without making them available to new customers. This market-wide derogation is set to expire on 31 March 2027 - in line with the BAT's expiry – unless the BAT is extended using existing licence powers. The direction we published in 2022 introducing the derogation stated that it would be in force for the duration of SLC22B unless we revoked the direction earlier or varied it in writing.

3.2 Our August 2026 consultation set out our proposal to extend the market wide derogation for another 12 months. We said that extending the market wide derogation would:

- Support the interests of consumers: Allowing retention-only tariffs can benefit the customers who select these tariffs. This benefit reflects that serving an existing customer can involve lower costs than acquiring a new customer. Suppliers will take different approaches to reflecting acquisition costs into their tariffs, but it may be possible to offer at least some benefit to existing customers.
- Provide better deals for vulnerable or indebted customers: We consider that retaining the derogation is likely to benefit vulnerable and indebted consumers in particular, especially those who may be unable to switch supplier.
- Provide regulatory certainty: Consistent with our rationale for extending the BAT, we consider that retaining the derogation for a further 12 months provides a degree of regulatory certainty that supports market stability and

enables suppliers to undertake financial planning and tariff-setting with greater confidence.

Stakeholder feedback

3.3 Our consultation invited feedback and evidence from stakeholders on our proposal. Key points raised by consultation responses are summarised below.

Suppliers

3.4 All eight suppliers agreed with our proposal to retain the market-wide derogation until March 2028 and broadly supported the rationale set out in our consultation.

3.5 Most said that retaining the market-wide derogation would benefit existing customers, particularly those who may be less able to switch supplier. Suppliers also pointed to wider benefits including supporting consumer trust and customer retention, enabling innovative tariffs for existing customers, and providing additional protection for customers who may face barriers to switching, including those in debt.

3.6 Two suppliers considered that retaining the market-wide derogation would support regulatory certainty and in doing so contribute towards market stability. Three suppliers said the derogation should be formally incorporated into SLC 22B.

Consumer groups/ charities

3.7 All three consumer groups and charities agreed with our proposal to extend the market-wide derogation until 31 March 2028. Two highlighted the benefits it provides to existing customers, particularly vulnerable customers and those who may face barriers to switching supplier, including digitally excluded customers and those in debt.

Other stakeholders

3.8 A price comparison website disagreed with our proposal to extend the market-wide derogation until 31 March 2028. Concerns were raised that the market-wide derogation may weaken competition by allowing suppliers to target discounted offers at their existing customers without those offers being subject to the same competitive pressure from other suppliers. It was argued that this could reduce incentives for suppliers to offer more competitive or innovative tariffs and limit choice for consumers.

3.9 Concerns were also raised about the transparency of retention-only tariffs and consumers' ability to compare these offers with tariffs available elsewhere in the market. They stated this is because suppliers are not required to publish or share

those tariff details with price comparison websites and as a result, suppliers do not have an incentive to offer the best deal they can which it said stifles innovation and competition.

3.10 Another industry participant agreed with our proposal to extend the market-wide derogation until 31 March 2028. They considered that it reduced customer acquisition costs for suppliers and benefits existing customers who are in debt and restricted from switching supplier.

Our response

3.11 We acknowledge the broad support from stakeholders for retaining the market-wide derogation alongside the BAT for a further 12 months. Respondents generally agreed that the derogation continues to benefit existing customers, including those who may face barriers to switching supplier, while providing suppliers with greater flexibility to compete for and retain their existing customers.

3.12 We also recognise the wider benefits identified by respondents, including supporting consumer trust, innovation and regulatory certainty. We consider that these responses support the rationale for retaining the derogation set out in our consultation.

3.13 We acknowledge the concerns raised about the potential impact of retention-only tariffs on competition and consumer choice. However, the ability for suppliers to offer competitive tariffs to their existing customers is an intended feature of the market-wide derogation and can provide benefits to those customers, including those who may face barriers to switching supplier. The derogation also provides suppliers with greater flexibility to compete for and retain their existing customers. We consider that these benefits support retaining the derogation alongside the BAT for a further 12 months.

3.14 We acknowledge the concerns raised about the transparency of retention-only tariffs. While these are broader considerations relevant to the operation of retention tariffs, they are separate from the question considered in this decision of whether to retain the existing market-wide derogation for a further 12 months. This decision therefore does not reach any broader conclusions on these issues. However, we will share the comment provided with the relevant team to help inform any future work relating to third-party intermediaries.

3.15 More generally, any future consideration of the BAT's longer-term role would also need to consider the role of the market-wide derogation and its impact on the retail market.

Our decision

3.16 Having considered the stakeholder feedback and evidence received, we consider that the rationale for retaining the market-wide derogation set out in our August consultation remains valid. The evidence received did not provide a compelling basis for changing our proposed approach. We have therefore decided to retain the market-wide derogation for a further 12 months until 31 March 2028. The existing Directions to gas and electricity licensees, which have been in force since 14 April 2022, remain unchanged.

4. Next Steps

This section confirms our extension of SLC 22B for a further year, thereby renewing the BAT and its associated market-wide derogation until 31 March 2028.

4.1 Further to our August consultation and stakeholder feedback, this decision confirms that we are extending the BAT until 31 March 2028 using the existing renewal mechanism within SLC 22B. The Directions (to gas and electricity licensees respectively) that provide for the market-wide derogation from SLC 22B, and that have been in force since 14 April 2022, remain unchanged.

4.2 To confirm, there will therefore be no licence modifications required to SLC 22B for both, gas and electricity domestic suppliers in order for this decision to take effect. For clarity, this document should be taken as our written statement to extend the BAT for another 12 months using our existing licence powers.

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 consultation. 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.