



Electricity Licensees and interested parties

Promoting choice and value to customers

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Our Ref:
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Dear Colleagues,

Comfort letters provided by Licensing for power projects

The Office for Gas and Electricity Markets (Ofgem) and its predecessor The Office for Electricity Regulation (OFFER) previously provided to those institutions financing power projects, when requested, an undertaking that Ofgem would:

- Notify appointed security trustees of any proposal to revoke a licence or materially modify a licence
- Give consideration to representations made by the appointed security trustee in respect of any notification highlighted above, and
- Give prompt consideration to any application for a licence made by a person authorised by the appointed security trustee.

Ofgem has reviewed its processes and has concluded that this particular form of undertaking provided as a comfort letter is not necessary and that the consultation and notification procedures adopted by Ofgem as part of the licence modification and revocation processes are sufficient to bring any changes to the attention of licence holders and other interested parties. In the case of:

- Revocations, where practicable, Ofgem will consult licence holders before revoking any licence. Ofgem publishes revocation and reasons notices on its website (www.ofgem.gov.uk). Ofgem would in most cases give at least 30 days notice of any revocation¹, and
- Where it proposes modifications Ofgem will write to affected licensees and publish a notice on its website.

Any parties who wish to receive email notification of significant issues can register on the Ofgem website.

¹In certain circumstances, such as where a licensee is in administration, Ofgem may need to revoke a licence with only 24 hours notice.

Furthermore Ofgem considers that a licensee is better placed to notify lenders or any other person or group who may have an interest in a licensee's operations, of any proposed modifications or revocation which it believes may materially affect its business.

Ofgem believes that consultation is important and will consider representations that it receives within stated time periods. It will also give prompt consideration to any application that it receives for a licence.

Ofgem will, therefore, no longer provide any such comfort letters.

Should you wish to discuss the contents of this letter further please contact me at the above address.

Michael Fews

A handwritten signature in black ink, appearing to read 'M Fews', written in a cursive style.

Head of Licensing