

NOTICE PURSUANT TO SECTION 49A(1)(a) ELECTRICITY ACT 1989

Reasons for the decision of the Gas and Electricity Markets Authority revoking the Licence treated as granted under Section 6(1)(d) Electricity Act to Eledor Limited

The Gas and Electricity Markets Authority ("the Authority"¹) has been informed by Eledor Limited (a company registered in England and Wales under company registration number 4337040) ("the licensee") that it is in a position of insolvency.

Decision

The Authority will be revoking the Licence with effect from **00.00hrs on 18th December 2005**.

Notice of Revocation was issued to the Licensee on **16th December 2005**.

Reasons for Decision

OFGEM was informed by fax from the Managing Director and Trading and Operations Director of the licensee in afternoon of 16th December that it has had an administration order under section 8 of the Insolvency Act 1986 made in relation to it.

A number of days before, OFGEM had been alerted to the existence of financial difficulties on the part of the licensee and the fact that the licensee was seeking a trade sale of its business. It was informed on the morning of 15th December that the final attempt to agree a sale had failed during the night of 14th/15th December.

Ofgem recognises that in principle a trade sale will be preferable to appointment of a Supplier of Last Resort (SoLR)². However, it is apparent that a trade sale in this instance is most unlikely.

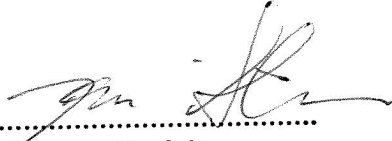
Appointment of an SOLR requires as a first step the revocation of the supply licence. Any delay in the event of a supplier becoming insolvent may lead to accrual of imbalance and other charges (which would then have to be smeared across the industry³). In light of the above considerations and facts as apparent from discussions with the licensee, the decision was taken that consumers are best served by revocation of this licence, and for such revocation to take place within a short timeframe.

¹ The final decision was taken by the Authority under delegated powers. In practice, members of the Office of the Gas and Electricity Market (OFGEM) dealt with the relevant parties.

² As set out in its 2003 Guidance.

³ And ultimately at least part of any such costs may require to be passed on to consumers.

Signed:

A handwritten signature in black ink, appearing to read 'Duncan Sinclair', written over a dotted line.

(Duncan Sinclair)
Duly authorised on behalf of the Authority

16 December 2005