

# Gas Act 1986

## Section 7A


### Notice of revocation of licence – Reepham Limited

#### **Whereas**

- A. Reepham Limited (Registered no 03077135 “the licensee”) is the holder of a licence (the licence) treated as granted under section 7A(1)(a) of the Gas Act 1986 (the Act) to it on 23/01/2004.
- B. Section 7B(3) of the Act provides that a licence granted or treated as granted under the Act may be revoked in accordance with any term contained in it. The terms of the licence provide that the Gas and Electricity Markets Authority (the Authority) may at any time revoke the licence on giving not less than 24 hours notice where, *inter alia*, the licensee has a receiver appointed in respect of the whole undertaking or any material parts of its assets (Schedule 2(1)(f)(ii)).
- C. Through correspondence with Mr Henry Klein of the licensee during the week of 12<sup>th</sup> December 2005 it was clear that a potential insolvency situation had arisen. OFGEM was informed that Mr Alex Kachani of Crawfords accountants was appointed as receiver.
- D. The Authority has decided that revocation of the licence shall take place.

#### **Notice of Revocation**

The Authority hereby gives notice that with effect from 00.00hrs on the 21<sup>st</sup> December 2005 the licence shall be revoked.

  
..... 19<sup>th</sup> December 2005

**Duncan Sinclair, Legal Director (OFGEM) authorised to act on behalf of the Authority.**

## NOTICE PURSUANT TO SECTION 38A(1)(a) OF THE GAS ACT 1986

### **Reasons for the decision of the Gas and Electricity Markets Authority revoking the Licences treated as granted under Section 7A(1) and 7A(2) of the Gas Act 1986 to Reephram Limited (company registered no. 03077135)**

The Gas and Electricity Markets Authority ("the Authority"<sup>1</sup>) was informed that Reephram Limited ("the Licensee" – the same company holds both gas shipping and gas supply licences) had gone into receivership

#### **Decision**

The Authority will be revoking both the Licences held by the licensee (in respect of both gas shipping and gas supply) with effect from **00.00 on 21<sup>st</sup> December 2005**.

Notices of Revocation (one in respect of supply, one in respect of shipping) was issued to the Licensee on **19<sup>th</sup> December 2005**.

#### **Reasons for Decision**

It should first be noted that OFGEM has experienced some difficulties<sup>2</sup> communicating properly with the Director of the licensee concerned. After a number of ambiguous statements on the part of the Director, OFGEM was informed by Alex Kachani of Crawfords Accountants on 19<sup>th</sup> December 2005 that he had been appointed as receiver to the licensee company. Only at that point was OFGEM properly satisfied that one of the criteria set out in Schedule 2(f)(1) in each licence had been met (and that therefore revocation of the licences on not less than 24 hrs notice was possible).

From what can be gathered from earlier communications with the licensee, Mr Henry Klein (a Director of the licensed company) had attempted to avoid a situation of insolvency in a number of ways, and had attempted a trade sale. OFGEM recognises that in principle a trade sale will be preferable to appointment of a Supplier of Last Resort (SOLR)<sup>3</sup>. However, it is apparent that a trade sale in this instance is at best unlikely, and indeed has not been requested by the receiver.

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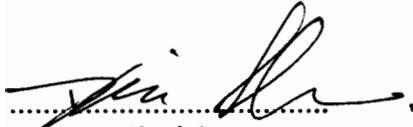
<sup>1</sup> The final decision was taken by the Authority under delegated powers. In practice, members of the Office of the Gas and Electricity Market (OFGEM) dealt with the relevant parties.

<sup>2</sup> Both in the past and in respect of this procedure.

<sup>3</sup> As set out in its 2003 Guidance.

Appointment of an SOLR requires as a first step the revocation of the supply licence. In light of the risk to the industry (and hence ultimately, to consumers) of unpaid costs<sup>4</sup>, the decision was taken that consumers are best served by revocation of both licences, and for such revocation to take place within a short timeframe to allow for appointment of SOLR in respect of the supply function.

**Signed:**

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

**(Duncan Sinclair)**

**Duly authorised on behalf of the Authority**

**19 December 2005**

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<sup>4</sup> Which may arise through the insolvency of the company in both its shipping and its supply functions as permitted by the terms of the licences.