

The Company Secretary

EVenergi UK Limited
2 Woodberry Grove, London
N12 0DR, UK

Date: 21 August 2017

Dear Sir/Madam

Licence Lite Derogation Decision – Exemption from Compliance with Certain Industry Codes

This letter sets out the decision of the Gas and Electricity Markets Authority (the “Authority”) to grant EVenergi UK Limited (company number 10757451, the “Licensee”), a derogation from various aspects of Standard Licence Condition (SLC) 11 (compliance with codes) of its electricity supply licence.

This derogation will relieve the Licensee from the obligation to comply with the industry codes in SLC 11.1:

- a) The Distribution Code; and
- b) The Grid Code,

and from the obligation to be a direct party to the following industry codes listed in SLC 11.2:

- c) the Master Registration Agreement;
- d) the Distribution Connection and Use of System Agreement;
- e) the Connection and Use of System Code; and
- f) the Balancing and Settlement Code.

This letter constitutes Notice, under section 49A of the Electricity Act 1989, of the reasons for the Authority’s decision to issue the attached Direction. Capitalised terms used in this letter, which are not defined herein, have the meaning given to them in the standard licence conditions of gas and electricity supply licences.

Background

We introduced the Licence Lite policy to ease potential barriers to entry faced by aspiring suppliers. It is an option that helps new suppliers enter the electricity supply market by letting them partner with an existing supplier (a Third Party Licensed Supplier or TPLS) who would assume responsibility for some of the more costly and technically challenging parts of a supply licence.

The Licensee intends to enter the electricity supply market but does not want to be a direct party to the industry codes listed in SLC 11.1 and 11.2. The Authority received an application from the Licensee on 28 May 2017 for a derogation from the obligations in SLC 11.2 of its electricity supply licence. The Licensee subsequently indicated on 16 August 2017 that it also wanted a derogation from SLC 11.1.

The Licensee has in place an agreement with Corona Energy Retail 4 Limited (company number 02798334, the licensee’s third party licensed supplier), to discharge their compliance with the above listed codes.

The Authority's Decision

We have decided to grant the Licensee a derogation from the requirement to be a party to the codes listed in SLC 11.1 and 11.2. In coming to this decision, we have had regard to our principal objective and statutory duties¹ our published guidance, and the information submitted by the Licensee.

This derogation is conditional on the Licensee putting in place a signed contract with a fully licensed third party supplier that allows this supplier to comply with the industry codes on the Licensee's behalf. The Licence Lite application process requires the applicant to submit a copy of this contract to Ofgem. The Licensee has submitted a draft of the contract to Ofgem and has confirmed that the draft reflects the full details of its contract with its third party licenced supplier. We expect the Licensee to report to Ofgem if there is any change in this contract when it is signed. By receiving a copy of this contract, we are not in any way endorsing, consenting or otherwise approving its contents. We consider that it remains the responsibility of the relevant parties to ensure that any agreement or arrangements in place comply with any applicable laws, including competition law, and statutory requirements.

The relevant Direction is attached to this letter and will be published on the Ofgem website. It will be effective from 21 August 2017 and will remain in force in accordance with the terms of the Direction, unless revoked or varied in writing by the Authority. Any change in circumstances relevant to the Direction must be reported to the Authority as soon as possible.

We would like to note that this derogation only applies to those codes listed in SLC 11.1 and 11.2. The Licensee is required to comply with all other licence conditions or rules and principles including the standards of conduct.

If you have any questions about this derogation or our Licence Lite policy, please contact Jibirila Leinyuy (Jibirila.Leinyuy@ofgem.gov.uk) on 0203 263 7000 or Derogations@ofgem.gov.uk.

Anthony Pygram

Partner, Consumers & Competition

Signed on behalf of the Authority and authorised for that purpose

¹ Please see section 3A of the Electricity Act 1989.

ATTACHMENT: Electricity Supply Licence

**The Company Secretary
EVerergi UK Limited
2 Woodberry Grove, London
N12 0DR, UK**

DIRECTION ISSUED BY THE GAS AND ELECTRICITY MARKETS AUTHORITY PURSUANT TO LICENCE CONDITIONS 11.1 and 11.3 OF THE STANDARD CONDITIONS OF THE ELECTRICITY SUPPLY LICENCE GRANTED OR TREATED AS GRANTED PURSUANT TO SECTION 6(1)(D) OF THE ELECTRICITY ACT 1989 (the "Direction")

WHEREAS

1. The company to whom this Direction is addressed, EVerergi UK Ltd (company number 10757451) ("the Licensee"), holds an electricity supply licence granted, or treated as granted, pursuant to section 6(1)(d) of the Electricity Act 1989 ("the Electricity Licence") in which standard condition 11 (*Compliance with codes*) has effect.
2. The Gas and Electricity Markets Authority has the power pursuant to standard conditions 11.1 and 11.3 of the Electricity Licence to issue a direction to the Licensee to relieve the Licensee of its obligations (in whole or in part) under standard conditions 11.1 and 11.2 respectively.
3. Standard condition 11.1 of the Electricity Licence stipulates that the Licensee must comply with:
 - a) the Distribution Code; and
 - b) the Grid Code.
4. Standard condition 11.2 of the Electricity Licence stipulates that the Licensee must be a party to and comply with:
 - a) the Master Registration Agreement;
 - b) the Distribution Connection and Use of System Agreement;
 - c) the Connection and Use of System Code; and
 - d) the Balancing and Settlement Code,from the earlier of the date on which it offers to supply electricity or on the date on which it begins to supply electricity to premises in Great Britain.
5. In making this direction, the Authority has consulted with the Licensee and had regard to guidance issued in accordance with standard condition 11.4 of the Electricity Licence.
6. The Licensee has entered into a supply of services agreement with Corona Energy Retail 4 Limited ("Corona"). Under this agreement, Corona will comply with the obligations under paragraph 11.2 of the Electricity Licence on behalf of the Licensee.

NOW THEREFORE

7. The Authority hereby directs that the Licensee is no longer required to comply with obligations under conditions 11.1 and 11.2 of the Electricity Licence.

8. It is a condition of this Direction that the Licensee is required to report to the Authority any change in circumstances relevant to the subject matter of this Direction.
9. This Direction shall take effect on 21 August 2017, and remain in place until revoked by the Authority.
10. The Authority may revoke or amend this direction following consultation with the Licensee.
11. Capitalised terms in this direction, which are not defined herein, have the meaning given to them in the Electricity Licence.
12. The letter accompanying this direction constitutes a Notice of Reasons in respect of this direction for the purposes of section 49A Electricity Act 1989.

Dated: 21 August 2017

Anthony Pygram
Partner, Consumers & Competition
Signed on behalf of the Authority and authorised for that purpose.