

**NOTICE OF REVOCATION OF A LICENCE PURSUANT TO SECTION 7A OF THE GAS ACT 1986 WITH REASONS PURSUANT TO SECTION 38A**

**Date:** 8 October 2020

## **Notice of Revocation and Reasons for Decision**

### **Whereas**

Tonik Energy Limited (company registration number 09812673), having its registered office at Fifth Floor Lombard House, 145 Great Charles Street, Birmingham, B3 3LP (the "**Company**"), is the holder of a Gas Supply Licence (the "**Licence**") granted or treated as granted under Section 7A(1)(a) of the Gas Act 1986 (the "**Act**").

1. 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.
2. Schedule 2(1)(f)(i) to the Licence provides 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 it is unable to pay its debts (within the meaning of section 123(1) or (2) of the Insolvency Act 1986).
3. On 7 October 2020, the Authority made an application to the Chancery Division of the High Court (the "**Court**") under Part 8 of the Civil Procedure Rules for a declaration to the effect that:
  - 3.1. the Company is unable to pay its debts (within the meaning of section 123(1)(e) and/or (2) of the Insolvency Act 1986); and
  - 3.2. therefore the condition as set out in Schedule 2(1)(f)(i) of the Licence is satisfied.
4. On 8 October 2020, the Court issued an order making a declaration to the effect set out in paragraph 4 above and, therefore, the Authority is satisfied that Schedule 2(1)(f)(i) of the Licence applies.

5. For the following reasons, the Authority has decided that, in order to protect the interests of consumers, it is appropriate to give notice to revoke the Licence (with effect from 05:01 on 10 October 2020) in accordance with Schedule 2(1)(f)(i) of the Licence:

5.1. given that the Company is unable to pay its debts, the Authority is not satisfied that the Company will be able to continue to provide or otherwise procure the services necessary for supplying gas to its customers or to pay charges under the industry arrangements;

5.2. the Authority has decided to initiate the process to appoint a supplier of last resort ("SoLR") pursuant to its powers under condition 8 of the Standard Conditions for Gas Supply, in order to ensure continuity of supplies of gas to the Company's customers, and payment of appropriate charges from the date on which the SoLR direction takes effect; and

5.3. the revocation of the Licence would ultimately be necessary for SoLR arrangements to come into effect.

**Therefore**

6. The Authority hereby gives notice that, unless the Authority otherwise directs, with effect from 05:01 on 10 October 2020, the Licence shall be revoked.

**The Official seal of the Gas and Electricity  
Markets Authority here  
affixed is authenticated by –**



**Lesley Nugent  
Authorised in that  
behalf by the Authority  
8 October 2020**

