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**7 November 2022**

Rt Hon Grant Shapps MP  
Secretary of State for Business, Energy and Industrial Strategy  
Department for Business, Energy and Industrial Strategy  
1 Victoria Street  
London  
SW1H 0ET

Dear Secretary of State,

Congratulations on your appointment as Secretary of State. I know that your local Citizens Advice values the time that you've spent with them on issues in your constituency and I hope that we will be able to work similarly well together at a national level.

We have a long and productive relationship with BEIS, our sponsor department, on issues like consumer protections and energy efficiency. I met previously with Kwasi Kwarteng when he was Secretary of State and he was keen to visit one of our local Citizens Advice offices to see the work of our frontline services. I hope that we can meet before too long and would be delighted if you had time to see our work in action. I'll write separately to follow up on that.

However, my immediate reason for writing to you is the recent announcement of approval of a deal between the special administrators of Bulb and Octopus Energy to acquire Bulb's 1.5 million customers<sup>1</sup>.

As the statutory consumer advocate for energy consumers, we are obliged to consider the impact on customers of deals of this nature. At present we do not have sufficient information to assess the potential impact and so have a number of concerns. Further transparency in a number of key areas would help to provide assurance.

Given that the deal is expected to be considered in the High Court on the 11th November, we would appreciate your urgent attention.

**We are particularly concerned about how costs arising from the Bulb administration, and from this proposed deal, could impact customer bills and would like clarification on the proposed approach to these costs, including the potential scale and recovery timings.** We expect the costs from the Bulb administration to be well in excess of £1 billion. The details provided with the deal

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<sup>1</sup> UK government approves agreement between Bulb and Octopus Energy, providing certainty to 1.5 million customers - [press release](#)

announcement note that the Government has the option of recovering administration costs through a levy on industry. This is, in reality, a levy on customer bills. Given customer bills are expected to remain at their current extraordinary levels, as part of the wider cost of living crisis, we do not believe further costs should be added on top.

**We would also like assurances that the financial support provided to the new ring fenced entity will also not, in any circumstances, be funded or recovered through customer bills and would like details of this support to be provided.**

The nature and size of this financial support is unclear from the details provided to date. For example, it is unclear whether repayments are related to, or contingent on, the profit-sharing agreement or ring-fencing arrangements. It is also unclear what would happen if the financial support is not repaid by the entity in line with the expected repayment schedule.

**We recognise that Ofgem has reviewed this transaction under their trade sale framework and we believe the results of this review should be published.**

This would significantly improve transparency around this deal. In particular, we are interested to see the plans for effective customer communications to ensure Bulb customers are looked after at every stage of the journey, and how customers' credit balances are being protected. These issues are both covered under the trade sale framework.

**Finally, we would like to know the details of any assessment the Competition and Markets Authority has made on the impact of competition in the market and so any long-term impacts on consumers.** The CMA has conducted inquiries on previous transactions of a similar scale and a review would provide additional confidence about the impact on the wider market.

If you would like to discuss these points further or if we can provide additional information to support the points made above please do let me know. I am writing in similar terms to the Chief Executive of Ofgem.

Yours sincerely



Dame Clare Moriarty  
Chief Executive