

How Bulb customers are being protected after its insolvency

Bulb recently announced that they will support placing the company into a Special Administration Regime (SAR). Ofgem, with the government's consent, intend to apply urgently to the court to appoint Energy Administrators to continue running Bulb.

During the court process and a Special Administration Regime, Bulb customers will not see any difference in their energy supplies and will not need to worry about their energy being cut off.

Questions and answers

Do Bulb customers need to do anything now?

Bulb's customers, including those with prepayment meters, do not need to do anything. Their energy supplies remain secure and customers' credit balances are protected.

Customers do not need to look for a new energy supplier, although they are free to do so if they wish.

[Find out how you're protected when energy firms collapse.](#)

I'm a Bulb customer, will my bills now be instantly going up?

Bulb customers would not see any immediate rise to their energy bills if the company is under Energy Administrators.

All customers in Great Britain are also protected by the Energy Price Cap. This limits the rates a supplier can charge for their default tariffs and includes the standing charge and price the units your bill is calculated from. The Energy Price Cap protects millions of customers and ensure they pay a fair price for their energy.

Customers can still switch energy supplier during a Special Administration Regime if they wish, though it's likely they will already be on the best tariff on the market.

What is a Special Administration Regime?

A Special Administration Regime (SAR) is a long-standing, well-established mechanism available to the government and the energy regulator Ofgem to protect energy consumers and ensure continued energy supply when a supplier fails.

It's only used if Ofgem's primary means to address supplier failure, called the Supplier of Last Resort process, is not viable for an insolvent energy

supplier.

The energy supply company SAR mechanism was established in law in 2011. The mechanism is also in place for other critical services such as water, sewerage, rail transport, air traffic control, education, postal and investment services. Its purpose is to protect essential services that may otherwise be interrupted if normal insolvency processes were used.

Special Administration Regimes have been successfully used to protect customers and support market stability in other sectors; for example Hadlow College entered one in 2019.

Will Ofgem be applying for a Special Administration Regime?

Ofgem's Supplier of Last Resort process has recently been successful in appointing new suppliers to replace energy companies leaving the market in this period of high wholesale gas prices.

The Supplier of Last Resort process involves a competitive auction for other energy suppliers to bid to take on the failed company's customers. This process ensures consumers get the best deal. The successful Supplier of Last Resort then takes on a failed company's customers as their own – with customers' credit balances moving with them.

However, in some cases when a large energy company is in financial difficulty, the Special Administration Regime may be a better option to protect consumers than a Supplier of Last Resort process. Ofgem made the assessment that based on the current market circumstances, a Special Administration Regime is the most suitable option to protect consumers, ensure security of supply, and maintain the long-term stability of the energy market. The government has agreed with Ofgem on the appointment of special administrators for Bulb and are taking this forward in the quickest possible timeframe.

How is the Special Administration Regime set up?

The decision to place a company into a Special Administration Regime is made by the court upon an application by Ofgem with the consent of the Secretary of State.

The court appoints administrators to manage the supplier throughout the period of administration. The government provides funding to the administrators during this period, if necessary, to enable them to continue to supply energy to their customers and manage the company's exit from the administration. This process is set out in the Energy Act 2004 and the Energy Act 2011 as well as in insolvency law, such as the Energy Supply Company Administration Rules.

The administrators' role is to ensure that customers' supply is protected throughout, with energy supplies continuing to be provided at the lowest reasonable practicable cost until it's possible to end the administration through the rescue of the company, its sale, or the transfer

of its customers.

This will ensure that customers' energy supplies continue to flow as usual and that the overall energy market remains stable.

How is the Special Administration Regime funded?

The government would provide the funding necessary to ensure that the administration is managed in a way that protects customers' supply.

The government can recoup these costs at a later date, ensuring that we get the best outcome for Bulb's customers and the British taxpayer.

This will be done in a way that minimises the impact on consumers and takes into account the solvency of industry participants, like transmission operators and shippers.

A SAR is a temporary arrangement which provides an ultimate safety net to protect consumers and ensure continued supply. The government does not want Bulb to remain in this temporary state longer than is absolutely necessary.

What can I do to get help with my energy bills?

In addition to the Energy Price Cap, we are also supporting low income and households with energy bills in a number of ways, including:

Warm Home Discount

The [Warm Home Discount](#), providing eligible households with a one-off £140 discount on their energy bill for winter 2021 to 2022. Customers should contact their supplier to ask for it. As long as you qualify, even if you're moved to a new supplier, they are expected to still provide you with this discount. This will rise to £150 from next year and help an extra 780,000 pensioners and low-income families, with the money being paid automatically.

Winter Fuel Payments

[Winter Fuel Payments](#), worth between £100 and £300 are paid automatically to those in receipt of State Pension or other social security benefit (not including Housing Benefit, Council Tax Reduction, Child Benefit or Universal Credit).

Cold Weather Payments

[Cold Weather Payments](#), which is a £25 payment for vulnerable households on qualifying benefits when the weather has been, or is forecasted to be, unusually cold. It's paid to eligible households for each 7-day period of very cold weather between 1 November and 31 March.

Advice and support

If you're in difficulty during this time you can also talk to your energy supplier, who will be able to discuss personal circumstances and consider

options to help, including reassessing, reducing or pausing payments.

[Emergency measures](#) have been agreed between government and energy suppliers to support those most in need during the disruption caused by COVID-19, and this agreement remains in place this winter.

For support with your rights on energy, visit the [Ofgem website](#).

For further advice, consumers can also contact [Citizens Advice](#).