

UK government approves agreement between Bulb and Octopus Energy, providing certainty to 1.5 million customers

- UK government approves deal between the special administrators of Bulb and Octopus Energy to acquire Bulb's 1.5 million customers
- following an extensive and competitive sale process, the move provides a stable new home for Bulb's customers and 650 employees
- Bulb customers do not need to do anything and won't experience any disruption as organisations work together to deliver a smooth, market-led exit from its special administration

An agreement was reached overnight between special administrators of Bulb and Octopus Energy, the UK government confirms today, in a move that will protect consumers and taxpayers.

Bulb's special administrators have been running a competitive and extensive sale process within the market for Bulb in recent months and have now reached a final agreement which will see Bulb's 1.5 million customers transferred to Octopus Energy.

The sale will be completed following a statutory process called an Energy Transfer Scheme (ETS), which will transfer the relevant assets of Bulb into a new separate entity that will protect consumers during the transfer process. The process is subject to approval by the Business and Energy Secretary and will take effect at a time ordered by the High Court, expected by the end of November.

Bulb customers will not experience any change or disruption to their energy supplies as part of this transfer. There is no change to either Bulb or Octopus customers' supply arrangements, and credit balances are protected. This means customers do not need to take any action and all direct debits will automatically be transferred.

The government will work closely with Ofgem and Bulb's special administrators to ensure the exit from special administration and transfer of customers to Octopus achieves the best outcome practicable for Bulb customers, taxpayers, and the industry. Last night's deal comes alongside ongoing steps that the UK government and independent regulator, Ofgem, are taking to boost the financial resilience of the sector.

Business and Energy Secretary Grant Shapps said:

This government's overriding priority is to protect consumers and last night's sale will bring vital reassurance and energy security

to consumers across the country at a time when they need it most.

This is a fresh start and means Bulb's 1.5 million customers can rest easy, knowing they have a new energy home in Octopus.

Moving forward, I intend to do everything in my power to ensure our energy system provides secure and affordable energy for all.

Octopus will continue to use Bulb's technology and brand for a transitional period so that there is a smooth transfer for Bulb's customers. In addition, customers will continue to benefit from Ofgem's supply licence protections, such as ensuring energy suppliers provide advice for vulnerable customers through existing financial support schemes.

Greg Jackson, CEO and founder of Octopus Energy Group, comments:

We take our responsibilities very seriously. We will work unbelievably hard to deliver value for taxpayers and to look after Bulb's staff and customers.

We started off as rivals but shared the same mission – driving a greener, cheaper energy system with people at the heart. We know how important this is to Bulb's loyal customers and dedicated staff, and are determined that Octopus can provide them with a stable home for the future.

Matthew Cowlshaw, Senior Managing Director at Teneo and Special Administrator to Bulb Energy Ltd, said:

When the energy administrators were appointed in November 2021, our primary objectives were to enable Bulb to trade as usual while minimising the cost to the taxpayer. Following a thorough and extensive process over the course of almost a year, we examined all options and in conjunction with BEIS came to the conclusion that this transaction would provide the most value to the taxpayer.

We are pleased that we have achieved the objectives of the special administration, especially against the backdrop of wider energy market disruption, and that the transition of employees and customers will provide certainty for both going forward.

The government will provide the remaining funding necessary to ensure that the special administration is wound up 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.

The current increase in wholesale energy prices is driven by a number of factors including Putin's illegal invasion of Ukraine and weaponisation of

energy, as well as the global recovery from the COVID pandemic. Recent volatile global gas prices have emphasised the need to ensure greater energy independence to protect households in the long-term through clean power generated in the country.

The Energy Price Guarantee remains in place and will continue at the same level this winter, saving the typical household around £700 this winter, based on what energy prices would have been under the current price cap – reducing bills by roughly a third. This is on top of the £400 energy bills discount for each household and additional targeted support that continues to be rolled out for the most vulnerable, including £1,200 in direct payments this year.

Notes to editors

Bulb customers can read more about this deal and what it means for them on the Bulb blog and regular updates on the next steps on [Octopus Energy's information page](#)

Last night's deal follows a competitive and extensive sale process run by Bulb's special administrators.

Once the transfer becomes effective, Bulb UK Operations Limited will become customers' energy supplier without them having to do anything, as everything will be taken care of automatically under the scheme.

All terms and conditions of tariffs and credit balances remain the same and customers should continue to make payments in the same way they do now. Immediately thereafter, Bulb UK Operations Limited will transfer into Octopus Energy Retail 2022 Limited, a wholly owned subsidiary of Octopus Energy Group Limited.

Ofgem has reviewed this transaction under their trade sale framework as part of our enhanced requirements to protect the interests of existing and future energy consumers: see the Ofgem guidance on [Significant commercial developments and senior personnel changes](#)

There are 3 principal elements to the structure of the transaction:

- the sale will now be implemented using the [Energy Transfer Scheme](#), which will transfer the relevant assets of Bulb into a new entity. This entity will subsequently be sold to Octopus and will remain ringfenced from its core business for a defined period. The transfer is conditional upon approval of the BEIS Secretary of State and will take effect at a time ordered by the courts, likely 11 November, for the transfer to become effective likely on 17 November
- the government will provide financial support to the new entity for the procurement of energy for Bulb customers over the course of Winter 2022. This financial support will be repaid by the new entity in accordance with an agreed repayment schedule
- a profit-share agreement will be put in place for the ringfenced business until agreed funding is repaid by Octopus. Under this structure

payments to shareholders or the wider Octopus group from the ringfenced entity would be restricted until the repayable funding to government is repaid

Further background

Bulb was [placed into special administration](#) in November 2021. Special administration is designed to protect customers if a large energy supplier becomes insolvent. It enables a business to continue to trade as usual, and if circumstances permit, to be sold at the appropriate time, in full or in part.

A Special Administration Regime (SAR) is a long standing, well-established process available to protect consumers and ensure continued energy supply when a large provider fails.

Due to high market volatility, it is impossible to fully forecast the true cost of Bulb SAR.

The special administrator of Bulb is obligated to keep costs of the administration process as low as possible. Government has the option to recoup costs through the established shortfall recovery mechanism which would see a levy charged on industry, maximising value for money for taxpayers.

The government cannot guarantee no energy supplier failures in the future. In a competitive market some businesses will fail, and the energy supply market is no exception, seeing regular entry and exit in the last 10 years.

However, if suppliers do fail, government and Ofgem have robust tools in place in the form of the competitive Supplier of Last Resort (SoLR) process, and, when SoLR is not practicable, the Special Administration Regime (SAR), to ensure continuity of supply and minimise disruption for consumers.

To promote financial resilience of suppliers, Ofgem have introduced new requirements for suppliers entering the market, and changes for existing suppliers. This includes the Financial Responsibility Principle, a principles-based requirement for suppliers to make sure that they are managing their finances effectively and actively managing the risk of leaving costs to be mutualised in the event of their failure.