



Department for
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Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
London
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29 October 2022

Dear Meg,

Energy Supply Company Special Administration Regime for Bulb Energy Limited; sales process

I am writing to update you on the Mergers and Acquisition (M&A) process for Bulb Energy Limited ('Bulb') in special administration.

Bulb was taken into special administration by an order of the court on 24 November 2021. Ofgem applied to court, with the consent of my predecessor but one, based on their determination that the Special Administration Regime (SAR) was the most appropriate route for protecting Bulb's c.1.5m customers in the circumstances prevailing at that time – a recommendation which had subsequent BEIS Accounting Officer and ministerial concurrence.

The court appointed three individuals from Teneo Financial Advisory Ltd ('Teneo') as joint Energy Administrators and, following an application by Teneo, directed they enter into the c.£1.7bn funding agreement with BEIS to support the achievement of their statutory objective of ensuring continuity of supply to Bulb's customers at the lowest practicable cost until such time as the company may be rescued, or the business transferred to (an)other company/ies. Bulb's parent company, Simple Energy, was taken into 'normal' (i.e. not special) administration on the same date by their secured creditors.

The Energy Administrators and their M&A advisors have delivered a competitive and extensive sales process over recent months, culminating in their recommendation to transact Octopus Energy's ('Octopus') bid as the optimal way to achieve their statutory objectives. Their recommendation has been reached after an extensive negotiation process to secure the best terms in the circumstances and detailed analysis of the counterfactual options, all of which show less favourable anticipated outcomes and carry significant operational and execution risks. I have therefore approved the Octopus bid transaction and associated amendments to the existing funding facility and establishment of their new loan facility with the energy administrators.

I am writing in equivalent terms to Darren Jones as Chair of the BEIS Committee and Angela Eagle as Interim Chair of the Treasury Committee. A copy of this letter goes to Gareth Davies, Comptroller and Auditor General and to the Treasury Officer of Accounts.

A handwritten signature in blue ink, reading "Grant Shapps". The signature is written in a cursive, flowing style with a small dot at the end.

Rt Hon Grant Shapps MP
Secretary of State for Business, Energy & Industrial Strategy