



Department for
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& Industrial Strategy

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Darren Jones MP
Chair, Business, Energy and Industrial Strategy Committee
House of Commons
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The Rt Hon Greg Hands MP
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Dear Darren,

**Energy Supply Company Special Administration Regime – Bulb Energy Limited
(‘Bulb’)**

The Secretary of State and I have written to you on 25 November and several times since about the special administration of Bulb Energy. In order to protect Bulb’s customers, and to limit wider industry contagion, the Secretary of State agreed to initiate the Energy Supply Company Special Administration Regime (SAR) in respect of Bulb. This is a temporary situation and Government is working with the Energy Administrators to ensure value for money for consumers and taxpayers, including an exit from the SAR as soon as is reasonably practicable.

As you know, Government financial support has been agreed with the company and Energy Administrators. This takes the form of a working capital loan which includes Contingent Liabilities in the form of letters of credit to reduce upfront cash requirements, and a guarantee facility in respect of borrowings incurred by the company during the SAR. This is for the sole purpose of securing the statutory objective of Energy Supply Company SAR, which is the continuation of energy supplies to Bulb’s customers at the lowest reasonable, practicable cost until such time as the SAR becomes unnecessary. Appropriate governance arrangements are in place to ensure value for money and that any financial support provided is the minimum necessary for the Energy Administrators to discharge their statutory objective.

The 29 December letter set out, in a confidential annex, the letters of credit issued to counterparties on the behalf of Bulb. One of these letters of credit originally expired at the end of February, and has since then been extended twice with the most recent extension until the 31st May. This letter refers to issuing another replacement. Attached at Annex A to this letter are details of this new letter of credit which has been issued. Parliament will be informed via a Written Ministerial Statement and Departmental Minutes for the Contingent Liabilities.

I am writing in equivalent terms to Meg Hillier as Chair of the Public Accounts Committee and Mel Stride as 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.

Yours ever,

THE RT HON GREG HANDS MP
Minister of State for Energy, Clean Growth and Climate Change