

Which energy suppliers have gone bust?

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Energy supplier failures are a major inconvenience to consumers, and a reason why 50% of customers never change supplier; staying with the “Big 6”. Those customers affected have the inconvenience of getting their energy supply swapped, while the unpaid bills of the failed supplier get added onto everyone else’s energy bills.

Each time Ofgem revoke an energy suppliers licence, it costs all other consumers more on the tariff price of their energy bill, as the rest of the UK Domestic market has to pay for Ofgem’s decision and “foot the bill “

However, we recommend that this does not put you off switching and prevent you getting a £350 average annual saving.

There are many well operated, highly rated and viable energy suppliers in the market. Indeed, some of the cheapest deals currently being offered are from the Big 5.

It’s important to check the new supplier and avoid getting sucked into cut price deals from smaller suppliers that ask for several monthly payments in advance.

Which energy suppliers have gone bust – roundup of 2019

- 8 domestic energy suppliers ceased trading
- As a result 472,000 energy consumers were shunted onto energy suppliers they never picked.
- 177,000 (38%) of those customers ended back up with one of the Big 6 (now Big 5) energy suppliers – basically where they started. This rises to 412,000 (87%) if you count OVO energy as one of the new “Big 5”.

Failure to adequately provision for, and make, Renewable Obligation (RO) payments was the trigger that tipped many of these companies into failing. However, it was not the underlying reason for the failure. Ultimately these companies featured some, or all, of the following; a lack of profitability, poor management, and insufficient funding.

A 9th energy supplier, URE Energy had its supply license revoked by Ofgem (14 Sep 19). This was also for failing to make RO payments. This effective wind up did not go through a formal transfer of customers under the Supplier of Last Resort (SOLR) process, so it is uncertain how many customers were affected or what happened to them.

Energy suppliers that sold out in 2019

Supplier failures were dwarfed in scale by corporate transactions. Somewhere in the region of 10 million customer accounts changed ownership as a result of these transactions.

Energy supplier corporate transactions

- 4 domestic energy suppliers exited the market through trade sales (Coop Energy, Green Star Energy, Npower and SSE (to be completed in Jan 2020)).
- Co-op Energy, with around 300,000 domestic customers, essentially sold out to Octopus Energy (29 August 2019) for an undisclosed sum. The deal was dressed up as “an exciting new strategic partnership” but was, to all intents and purposes, a sale of the customer base.
- Green Star Energy, with approximately 200,000 domestic customers, was sold to Shell Energy (29 November 2019) for an undisclosed sum. Had that transaction not completed, there was a material uncertainty as to whether Green Star Energy could continue as a going concern.
- After the proposed merger between SSE and npower’s retail business was scrapped in December 2018, npower ended up being acquired by E.ON as part of E.ON’s complex asset swap with Innogy. After the E.ON / Innogy asset swap deal was cleared by European Competition Authorities (18 September 2019) E.ON promised to quickly clarify the future of npower. At that time, E.ON’s Chairman and CEO, uncharitably but accurately, described npower as **“an open wound that is bleeding profusely”**.
- Npower’s estimated 3.5 million customers accounts (a number that has been falling rapidly) were transferred to E.ON in November.
- SSE and OVO Energy agreed a deal (13 September 2019) whereby OVO would acquire the retail energy business of SSE for £500m. As part of the deal OVO will take over SSE’s 3.5 million domestic household accounts (around 5.7 million customer accounts) and 8,000 staff. The deal received regulatory clearance on 10 December 2019 and will be completed on 15 January 2020.

Energy suppliers that just survived in 2019

- Robin Hood Energy was the subject of a proposed final order from Ofgem for not having paid £9.4m in Renewable Obligations for 2018-19. The company was bailed out with a £9.5 million loan by its owner, Nottingham City Council. As a result of getting the loan, Robin Hood Energy was able to make its ROC payments in full and so avoid having its license revoked. The loan is interest bearing and repayable in 6 months. It will be interesting to see how this unprofitable “not for profit” supplier is going to secure the cash to repay the loan on time. One to watch for 2020.

Breeze Energy goes bust

Breeze Energy is the latest domestic energy supplier to go bust. It is the 16th domestic energy supplier to fail and the 8th to fail in 2019.

The table below lists UK energy suppliers which have gone bust since November 2016. Although there were occasional failures prior to this date, they were few and far between.

Ofgem’s laid back approach to energy supplier market entry has created havoc for over a million energy consumers, and driven up bills as the carcasses of failed energy suppliers mounts up.

The real irony is that some of the suppliers appointed by Ofgem to rescue “failed suppliers” are now at risk of failing themselves. Indeed, some customers will now have been with 2 or more failed suppliers.

In the meantime, if your old energy supplier appears on this list **here is what you need to do.**

To avoid getting dumped into a bad or more expensive deal with the new energy supplier, please make sure you compare what you have been offered and get a second opinion.

There are 3 easy ways to do this. Just pick the one that suits you best.

Option 1. Compare, Switch & Save here → and get an extra £40 credit by joining up, using our referral link <https://www.so.energy/r/SPMPKLIH>

Or

Option 2. Call us to get a comparison over the phone.

01325978697 or 01914772244

Or

Option 3. Get in contact via email and ask an experienced Energy Consultant have a look into your consumption and provide an accurate assessment of your future annual costs

Why pay more for the same energy?

Energy suppliers withdrawing from the market

15 Jan 2020	SSE	3.5 million	Trade sale	OVO
29 Nov 2019	Green Star Energy	200,000	Trade sale	Shell Energy
18 Sep 2019	npower	3.8 million	Trade sale	E.ON
29 Aug 2019	Co-operative Energy	300,000	Trade sale / Strategic partnership	Octopus Energy
5 Feb 2019	Sainsbury's Energy	Not disclosed	Withdrawal from market	British Gas No change to supplier as customers already supplied by British Gas
31 Aug	Affect Energy	22,000	Trade sale	Octopus Energy

2018		domestic		
25 Jan 2018	Flow Energy	230,000 domestic	Trade sale (at distressed prices)	Co-operative Energy
21 Dec 2017	Brighter World Energy	Unknown	Orderly wind down	Robin Hood Energy

If you were a customer of any of the above, and don't like the deal you've been offered call us to get a comparison over the phone

01325978697 or 01914772244 or

click here → switch to *So Energy* and get an extra £40 credit by joining up, using our referral link <https://www.so.energy/r/SPMPKLIH>

or email advice@taurusutilityconsultants.co.uk