

Ovo to table bid for Bulb amid scramble over struggling energy suppliers

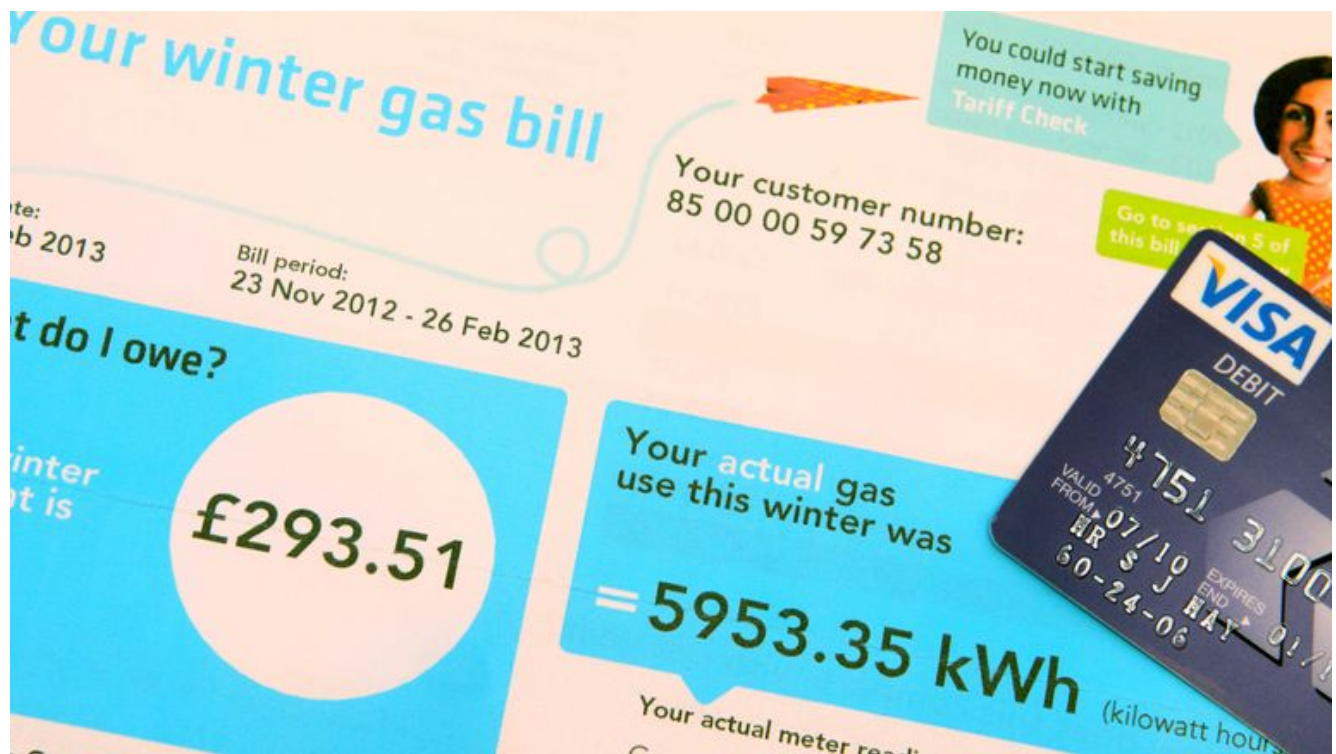
Ovo Energy will this week table a takeover offer for rival Bulb in a bid to create the second-largest supplier in Britain's crisis-hit energy market.

Sky News has learnt that Ovo, which joined the ranks of the market's biggest players when it completed the takeover of SSE's retail customer base nearly two years ago, is assembling an offer for Bulb with the backing of Mitsubishi, its biggest shareholder.

Bulb's advisers at Lazard are said by industry executives to have set a deadline of Wednesday for bids as it looks for new sources of funding.

A deal would add Bulb's 1.7 million customers to Ovo's 4.5 million households, creating the number two player behind Centrica's British Gas.

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Ovo was reported on Sunday by The Telegraph to be “circling” Bulb, but people close to the situation said on Monday that it intended to submit a firm, although non-binding, offer ahead of the deadline.

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Octopus Energy has also been exploring a bid for Bulb, although it was unclear on Monday whether it planned to table a formal offer.

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The crisis in the UK [energy](#) market has triggered the demise of more than a half a dozen companies in recent weeks, with the customer base of the largest – Avro Energy – being taken on by Octopus.

Sky News revealed last week that Ofgem, the industry regulator, had lined up restructuring experts from Teneo to act as special administrator to a large supplier if it cannot be resolved through the industry's Supplier of Last Resort (SOLR) system.

A spokeswoman for the regulator said: "Ofgem and government prepare for a wide range of scenarios and have long standing contingency plans in place for any situation as needed. These processes include speaking to a range of organisations."

Obstacles to a takeover of Bulb by Ovo or Octopus remain, including the scale of Bulb's customer liabilities and its future payments under government renewable energy schemes.

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Nevertheless, a takeover would represent a coup for Ovo's founder, Stephen Fitzpatrick, who has grown the company from scratch since founding it in 2009.

Its integration of SSE is said to be well ahead of internal plans, leaving it well-placed to consider an acquisition on the scale of Bulb.

Some suppliers have been pleading with the government to remove the industry price cap, an idea which has been dismissed by Business Secretary Kwasi Kwarteng.

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There are now widespread expectations that the energy price cap, which rose to £1,309 for prepayment customers at the start of this month, will have to be hiked substantially again when it is reviewed next in the spring of 2022.

A Bulb spokesperson said: "From time to time we explore various opportunities to fund our business plans and further our mission to lower bills and lower CO2. Like everyone in the industry, we're monitoring wholesale prices and their impact on our business."

Bulb, which like Octopus Energy is lossmaking, was established in 2015 and grew rapidly by offering competitively priced deals.

E.ON Next, the new brand which combines customers from E.ON and npower, has around 5.2 million residential customers, while British Gas remains the market leader with about 7 million customers.

EDF Energy, the French state-owned supplier, and Scottish Power make up the remaining members of the former "big six".

Ovo declined to comment.