

HM Treasury and Bank of England to launch the Energy Markets Financing Scheme (EMFS)

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News release

HM Treasury are today announcing a joint scheme, working with the Bank of England, to address the extraordinary liquidity requirements faced by energy firms operating in UK wholesale gas and/or electricity markets. This will provide resilience to both energy and financial markets, and the economy, and reduce the eventual cost for businesses and consumers.

Prices have recently been high and volatile. As a result, large amounts of collateral are required to enter into contracts firms use to effectively insure themselves from price fluctuations, or otherwise firms must accept large credit exposures to their counterparties.

The EMFS will enable short term financial support to wholesale firms. Further details of the scheme will be announced in due course. The scheme will be designed to be used as a last resort and will be structured and priced accordingly. It will be open to firms that can prove that they are otherwise in sound financial health, have a UK presence, and play a significant role in UK electricity or gas markets.

There will be a rigorous assessment process, and firms will also have to agree to a wider set of conditions before accessing the scheme. The opening date will be published by the end of October or sooner.