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Tesla to Enter UK Household Energy Market

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Tesla is preparing to enter Britain’s domestic energy market within the next year, aiming to supply electricity to households and challenge established suppliers such as Octopus and British Gas.

The electric car manufacturer has applied to Ofgem for an electricity supply licence under the name Tesla Electric. The licence would allow Tesla to sell power directly to UK homes, marking a significant expansion of its energy business in the country.

Tesla's energy offering is expected to integrate with its electric vehicles and Powerwall home batteries, which can store electricity generated by solar panels or bought at cheaper, off-peak times. This integration is designed to help customers reduce their energy bills.

The company already operates an electricity supply business in Texas. There, Tesla customers benefit from low-cost charging for their vehicles and can sell excess solar power or stored electricity back to the grid. Tesla hopes to bring a similar model to the UK.

Tesla Energy Ventures, the subsidiary behind the UK application, submitted its request to Ofgem on 25 July. The application was signed by Andrew Payne, who oversees Tesla's European energy operations.

Tesla has been preparing for this move for some time. It has hired new staff focused on operations and energy policy and has sold tens of thousands of Powerwalls to UK households. The company also supplies home chargers for electric vehicles and has over 250,000 Tesla cars on UK roads, providing a ready customer base.

The firm is well placed to take advantage of emerging "vehicle to home" technology, which allows electric car batteries to power a home during peak demand or outages. Several UK energy providers have been trialling this technology in recent years.

Tesla is also involved in the UK wholesale energy market, operating large battery storage facilities and using its Autobidder software to trade electricity. It has held a generation licence from Ofgem since 2020.

Despite these strengths, Tesla's UK car sales have recently fallen sharply, partly due to increased competition and public backlash over Elon Musk's controversial political comments. Industry figures show sales dropped by 60% in July.

Tesla's electricity supply business in Texas, launched three years ago, charges a flat fee for unlimited vehicle charging during specific hours. Whether a similar pricing model will be introduced in the UK remains to be seen.