

R/31

20 July 2005

TXU UK LTD AND ATLANTIC ELECTRIC AND GAS LTD FAIL TO COMPLY WITH ENERGY EFFICIENCY COMMITMENT

TXU UK Ltd (in administration) and Atlantic Electric and Gas Ltd (in administrative receivership) have each failed to reach targets set for energy savings under the Energy Efficiency Commitment (EEC) 2002-2005.

Ofgem takes breaches of the EEC very seriously. However, it has decided that as TXU is in administration and Atlantic is in administrative receivership, it would serve no practical purpose to impose financial penalties in these cases. Suppliers should note that, in the absence of similar circumstances, significant financial penalties are likely to be imposed by Ofgem for failure to meet the obligations set out in the EEC.

Ofgem administers the EEC while the Department for Environment, Food and Rural Affairs (Defra) sets an overall target for energy savings. An energy savings target is also set for each supplier and as the EEC does not make provision for these to be adjusted to take account of non-compliance by others, TXU's and Atlantic's failures may result in the overall target not being met.

Ofgem will report to the Secretary of State on each supplier's performance by the end of July, as required by the legislation for EEC.

- ends -

1. Ofgem administers the Energy Efficiency Commitment programme on behalf of the Department for Environment, Food and Rural Affairs (Defra) pursuant to powers given to it in the Electricity and Gas (Energy Efficiency Obligations) Order 2001. Under the EEC, electricity and gas suppliers are required to achieve targets for the promotion of improvements in domestic energy efficiency. The EEC contributes to the Climate Change Programme by curbing greenhouse gas emissions. In providing particular help to low-income consumers, it is expected that the EEC will also contribute to the alleviation of fuel poverty. The first phase of the programme ran from March 2002 to April 2005, where suppliers were set a target of saving 62 TWh (terawatt hours). The second phase runs from April 2005 to March 2008 pursuant to the Electricity and Gas (Energy Efficiency Obligations) Order 2004. The overall target has been set at 130 TWh.

2. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

**For further press information contact:
Chris Lock on 020 7901 7225 or 07766 511470
Mark Wiltsher on 020 7901 7006 or 07774 728971**