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SUPPLY LICENCE REVIEW: OFGEM'S ROLE IN ENFORCING INDUSTRY CODES

As part of its review of the gas and electricity supply licence conditions, energy regulator Ofgem and industry parties have been considering the obligations on companies to comply with the industry codes governing access to and use of the energy networks.

This work, which also looks at Ofgem's role in enforcing the codes, has identified critical interdependencies with other licences, and broader questions about the best way to secure compliance with the codes and agreements.

As a result Ofgem is now beginning a wider review of the requirements for compliance with the industry codes and agreements. This is a significant new project which may involve examining all the codes and agreements and their requirements and determining the appropriate role for regulation and for self-regulation in securing compliance with these documents in future.

The first step will be the publication of a document by the end of June this year which will set out the scope and the programme for the review. In the meantime, in the context of the Supply Licence Review, Ofgem is considering whether there is merit in re-issuing guidance on its enforcement policy to give further clarity to the compliance obligations that apply to supply-related codes.

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Notes to editors

1. Various codes govern access to and use of the energy networks. They include the Uniform Network Code for gas and the Balancing and Settlement Code and Connection and Use of System Code for electricity. For the avoidance of doubt, the codes in question do not include the Codes of Practice pertaining to social and metering obligations.

2. Companies supplying gas and electricity in Great Britain are licensed by Ofgem and the electricity and gas supply licences contain a number of conditions that suppliers must comply with. The Supply Licence Review will develop a clear and effectively drafted set of licence conditions that:

- provide protection for vulnerable customers
- make it easier for new companies to enter and compete in the electricity and gas retail markets, and
- provide a flexible framework within which the competitive markets can evolve without the need for sector-specific regulation of the domestic and non-domestic retail markets.

3. 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.

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