



Making a positive difference
for energy consumers

Ofgem Sponsorship Team
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and Net Zero
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Dear Ofgem Sponsorship Team,

Ofgem's response to the Strategy and Policy Statement consultation

We welcome the opportunity to respond to the Strategy and Policy Statement (SPS) consultation and are pleased to see the first of these important 5-yearly documents being consulted on. Ofgem regulates the gas and electricity markets in Great Britain, and our principal objective is to protect the interests of existing and future energy consumers.

The SPS presents an opportunity for continued strategic alignment around important policy priorities. We agree with the priorities of Enabling Clean Energy and Net Zero Infrastructure, Ensuring Energy Security and Protecting Consumers and Ensuring the Energy System is Fit for the Future. These areas are undergoing significant change and the SPS provides a clear mandate for Ofgem to continue to build on the work that we are already doing in these areas. The SPS clearly articulates desired policy outcomes and the shared responsibility of Government, Ofgem and the Future System Operator (FSO) in achieving them. We will continue to work closely with Government and the FSO to work towards these outcomes, alongside engaging consumers and industry participants in the process. We consider however that a more principles-based approach to the SPS, set out in a shorter, less detailed document could allow for greater flexibility in approach while still providing clarity on HMG's energy market objectives and priorities for Ofgem.

The strategic priorities set out in the SPS will help guide us in making decisions to support the transition to net zero and complement the recently announced net zero duty for Ofgem. Our objective to protect consumers' short and long-term interests has been more closely aligned with net zero through the introduction of the net zero duty and it is encouraging to see the close linkages between the SPS priorities and this new duty.

Protecting consumers has continued to be Ofgem's focus during the energy crisis and we are pleased to see protection of both domestic and non-domestic consumers prioritised in the SPS. Government objectives for a resilient, investable retail market align with Ofgem's intent to deliver a retail market that works for consumers as we move to a more dynamic, data enabled energy system.

As we look to future work, we will need to be strategic about prioritisation and acknowledge that trade-offs may need to be made in order to deliver work with a finite resource. This could also be taking place in the context of Ofgem having regard to promoting growth in the sector, following Government's consultation on a growth duty for economic regulators. It will be necessary to consider how pursuing growth works alongside the SPS policy priorities and our net zero duty. We look forward to continuing dialogue with Government on this important issue, to ensure a clear, implementable outcome.

Effective collaboration will be key to ensuring the successful implementation of the strategic priorities set out in the SPS. The transformation of the energy sector can only be delivered by Ofgem and Government working together, we look forward to working with Government as it develops the Strategy and Policy Statement further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Neil Kenward', written in a cursive style.

Neil Kenward