

Publishing information about suppliers' market shares (non-domestic) – Ofgem's decision

Background

In May 2003 Ofgem wrote to all non-domestic gas and electricity suppliers to request provision of information and consulted them as to their views on the publication¹ of the information requested in that letter. This note discusses the issues raised in the responses and explains Ofgem's views on them and its decision about publishing information.

Ofgem's letter explained that it considers that publication would benefit customers and other market participants by:

- meeting a need expressed by customers for greater availability of market information, and
- improving the general understanding of the development of competition.

Section 35 of the Gas Act 1986 and section 48 of the Electricity Act 1989 state that Ofgem can publish any advice and information in such a manner as it thinks fit if it considers that the information would promote the interests of consumers. In publishing this advice or information Ofgem must have regard to the need for excluding, so far as practicable, matters that would or might seriously or prejudicially affect the interests of an individual or body. Before deciding to publish any advice or information under this part of the Acts Ofgem must consult the individual or body concerned.

Discussion of issues raised

Ofgem received nine responses on the issue of publishing information. In general there was support for the initiative. However concern was expressed that some information (particularly about prices) is commercially sensitive and it should not therefore be published. One respondent stated that its agreement to publication of the information was conditional on all suppliers' information being published.

Ofgem's view: Ofgem welcomes the general level of support given by suppliers to this initiative and has considered the responses carefully. Ofgem recognises suppliers' concerns about the sensitivity of pricing information and has decided not to identify suppliers' individual prices.

Ofgem does not consider that publication of individual market share information would seriously or prejudicially affect suppliers' commercial interests. Information about market share is often published by companies themselves and is available to analysts and brokers. Ofgem does not therefore consider that publication of the information is particularly market sensitive, or that it is likely to affect a supplier's share price. Industry participants can also purchase information from organisations that conduct surveys and/or market research. However in the context of the current review, identification of individual market shares is not necessary.

¹ Using its powers pursuant to section 34 of the Gas Act 1986 and section 47 of the Electricity Act 1989

Ofgem's decision

After taking account of the issues raised by respondents Ofgem has decided to publish data on market share and prices in its forthcoming paper reviewing the state of competition in the non-domestic gas and electricity supply markets in the following format:

The following two tables provide details on market concentration for the potential customer segments identified in the review. The table also contains calculations of the Hirschmann-Herfindahl Index (HHI).

Electricity	Small Market: Below 200MWh	Medium Market: 200MWh - 30,000MWh	Large Market: Over 30,000MWh	Combined medium and large market	All combined
Aggregated share of top 3 suppliers	%	%	%	%	%
Aggregated share of next 3 suppliers	%	%	%	%	%
Aggregated share of top 6 suppliers	%	%	%	%	%
Other suppliers	%	%	%	%	%
HHI	xxx	xxx	xxx	xxx	xxx

Gas	Small Market: Below 50,000 therms	Medium Market: Over 50,000 therms	Interruptible Market	Combined medium and interruptible	All combined
Aggregated share of top 3 suppliers	%	%	%	%	%
Aggregated share of next 3 suppliers	%	%	%	%	%
Aggregated share of top 6 suppliers	%	%	%	%	%
Other suppliers	%	%	%	%	%
HHI	xxx	xxx	xxx	xxx	xxx

The table below sets out the average energy-only price paid by customers in the potential markets identified over the calendar year 2002.

Customer type	Energy – only (Average Price)		
	Separate markets	Combined medium and large markets	All combined
The GB Small non-domestic electricity market	$x - y \text{ /MWh}$	$x - y \text{ /MWh}$	$x - y \text{ /MWh}$
The GB Medium non-domestic electricity market	$x - y \text{ /MWh}$	$x - y \text{ /MWh}$	
The GB Large non-domestic electricity market	$x - y \text{ /MWh}$		
The GB Small non-domestic gas market	$x - y \text{ p/therm}$	$x - y \text{ p/therm}$	$x - y \text{ p/therm}$
The GB Medium non-domestic gas market	$x - y \text{ p/therm}$	$x - y \text{ p/therm}$	
The GB Interruptible non-domestic gas market	$x - y \text{ p/therm}$		

The following two tables provide details on market shares for the potential customer segments identified in the review, categorised by the market share bands given below.

Electricity (by volume and meter)

Market Share	Volume band (consumption by meter)		
	Up to 200MWh	200MWh to 30,000MWh	Over-30,000MWh
Over 15%	< supplier names >	< supplier names >	< supplier names >
10% to 15%	< supplier names >	< supplier names >	< supplier names >
5% to 10%	< supplier names >	< supplier names >	< supplier names >
Up to 5%	< supplier names >	< supplier names >	< supplier names >

Gas (by volume and meter)

Market Share	Volume band (consumption by meter)		
	Up to 50,000 therms	Over-50,000 Therms	Interruptible
Over 15%	< supplier names >	< supplier names >	< supplier names >
10% to 15%	< supplier names >	< supplier names >	< supplier names >
5% to 10%	< supplier names >	< supplier names >	< supplier names >
Up to 5%	< supplier names >	< supplier names >	< supplier names >