

**Summary of responses to the Proposed
Corporate Strategy 2004-7 consultation
paper**

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1. Respondents

This document summarises the main points made by respondents to the open consultation on Ofgem's Proposed Corporate Strategy for 2004–7. Copies of the full text are on the Ofgem website (available by selecting 'Corporate planning' from the drop down menu on the home page). The organisations listed below provided responses.

Association of Electricity Producers—trade association for the electricity generating industry

BG MicroGen—developing a micro-combined heat and power (CHP) unit as a replacement for domestic gas boilers; part of BG group, upstream gas producers

BNFL—state-owned company responsible for power generation from the remaining operating Magnox nuclear power stations, as well as other activities in the nuclear sector

BOC Gases—supplier of gases to many industries; major consumer of gas and electricity

BP—major oil and gas explorer, producer, and refiner; significant source of gas to the UK market

British Energy—nuclear power generator.

Centrica—major integrated energy company

Conoco Phillips—major integrated energy company

Defra—the Department for Environment, Food and Rural Affairs

Drax—coal-fired power plant operator

DTI—the Department of Trade and Industry

EDF—French state-owned integrated energy company, owners of London, Seeboard and Eastern distribution businesses and London, Seeboard and Sweb former supply businesses

Energy Action Scotland—charity that aims to end fuel poverty in Scotland

Energy Networks Association—trade body that represents gas and electricity transmission and distribution companies in the UK

Energy Retail Association—trade body for UK energy suppliers

Energy Saving Trust—non-profit company funded largely by government to deliver sustainable energy solutions to households, small firms and the road transport sector

energywatch—the gas and electricity consumer organisation

Gas Forum—trade body for UK gas shippers and suppliers

Health & Safety Executive—responsible for the regulation of risks to health and safety arising from work activity in Great Britain

National Consumer Council—independent consumer expert

National Grid Transco—owners of the high voltage electricity transmission system in England and Wales and the gas transmission and distribution network in Great Britain

Powergen—major integrated European energy company owning generation, distribution and supply businesses in the UK; owned by E.ON

Public Utilities Access Forum (PUAF)—informal association of organisations which helps to develop policy on public utility regulation in England and Wales.

Scottish Power—major integrated UK energy company, owning generation, transmission, distribution and supply businesses

SEPA— for protecting and improving the environment in Scotland

Shell Gas Direct—supplies gas to industrial and commercial customers

United Utilities—owns electricity distribution and water networks in north-west England

Western Power Distribution (South West/South Wales)—owns electricity distribution networks in south-west England and Wales

2. Comments by Main Theme

Creating and sustaining competition

British Energy

- 2.1. In the implementation of GB-wide trading and transmission arrangements there needs to be a focus on delivering practical and deliverable arrangements and avoiding the temptation to deliver, in parallel, fundamental reform of existing market arrangements in the absence of justifiable benefits.
- 2.2. An open and comprehensive review of the issues surrounding vertical integration should form part of Ofgem's strategy under this theme.

BOC

- 2.3. Ofgem's market monitoring and when necessary market investigation work is an essential part of fulfilling its duty to protect the interests of customers.
- 2.4. BOC supports Ofgem in its quest to improve access to gas market information especially offshore.
- 2.5. The electricity and gas markets are consolidated to such an extent as to greatly reduce competitive pressure and this gives concern that some market incumbents have too much market power which may be abused.

Centrica

- 2.6. The objectives could be usefully extended to include "Where competition is established, reliance should increasingly be placed on competitive pressures rather than regulation." With the notable exception of the removal of price controls, there has been a tendency to increase regulation to address identified deficiencies rather than review the continued requirement for the existing obligations in their current form.
- 2.7. Ofgem's primary role with regards to wholesale markets should increasingly be one of monitoring and ensuring ex-post compliance with licence and competition legislation.

- 2.8. In retail markets, a reduction in the regulatory burden is likely to reduce unnecessary industry costs, reduce barriers to entry and exit and increase incentives for supplier innovation, leading to differentiation and customer benefit.

Drax

- 2.9. Vertical integration potentially threatens to create or strengthen market dominance as a result of which effective competition will be significantly impeded.
- 2.10. Robust monitoring of the competitive market, and emerging markets such as ROCs and emissions, is essential if competition is to be effective and undistorted.

DTI

- 2.11. DTI would encourage Ofgem to ensure increased access to the competitive market and the smooth operation of that market by addressing the key areas of mis-selling, the transfer process, and billing and metering.

EDF

- 2.12. There is clearly a role for Ofgem in effective wholesale market monitoring but this should not be such as to inhibit the operation of the price mechanism to balance supply and demand and indicate investment incentives.
- 2.13. In retail markets, Ofgem's focus would be better directed at researching customers' views on the quality of the transfer experience rather than on how suppliers market their services.
- 2.14. It is increasingly clear that Ofgem should reconsider the costs and benefits of competition in meter provision and meter operation and of further developing competition in connections.

Energy Savings Trust

- 2.15. There is no reference at all of the value of energy efficiency to the consumer or any mention of the Energy Efficiency Commitment.

energywatch

- 2.16. Ofgem needs to be more committed to improving consumer confidence in both the transfer process and the market as a whole.

Gas Forum

- 2.17. Gas Forum suggests that lower prices are only one of several benefits of effective competition. Ofgem could also consider the improved service, performance, risk management and energy efficiency brought about by competition.

Microgen

- 2.18. The strategy should include a review of how licence requirements may apply to export metering, and contracts for export.

National Consumer Council

- 2.19. It is not clear that competition is serving customers' interests in light of evidence of rising profit margins made by suppliers.

PUAF

- 2.20. Ofgem should commit to monitoring the effects of withdrawal of retail price controls, especially for people on low incomes, and to the publication of the results.

Powergen

- 2.21. Cost-reflective allocation of transmission costs is important in ensuring the most efficient disposition of investment across the system as a whole from a cost, security of supply and environmental perspective.
- 2.22. There is scope for more industry self-regulation of competitive markets and the withdrawal of obsolete licence conditions.
- 2.23. In retail markets, innovation will be encouraged by shifting to lighter touch regulation supported by more self-regulation through industry agreed codes of practice.

Scottish Power

- 2.24. Ofgem should make it clear in its strategy that its regulatory objectives with respect to retail prices are adequately protected under competition law and that Ofgem intervention will be focused on situations where there is prima facie evidence of non-competitive behaviour.
- 2.25. Ofgem must let the market do its work and reduce effort and expenditure in this area following the implementation of BETTA.
- 2.26. Ofgem should not use its governance role to impose conditions on the market which market participants do not support. Once a competitive market has been established there is no need for Ofgem to impose its views on the market.
- 2.27. The respondent supports the promotion of competition in connections and metering.
- 2.28. It is vitally important for Ofgem to give assurance of access to the GB transmission network to those renewable generation projects that have already accepted offers for connection to the transmission network in Scotland, have signed connection agreements and are proceeding to develop their projects.

Shell Gas Direct

- 2.29. Ofgem has not been able to produce written documentation as to what problem it is seeking to address regarding access to information regarding offshore gas production. The Authority should express its views on the appropriateness of extending its remit into the upstream.
- 2.30. It is *essential* that full consultation on any plans for more diverse ownership of NGT's gas distribution networks is carried out before work begins to implement this change.

United Utilities

- 2.31. In relation to metering and connections, UU hopes that Ofgem will be more prepared to step back having created an environment in which competition should flourish.

Confidential responses

- 2.32. Ofgem should withdraw further form regulation of wholesale and retail markets and reduce its role in industry governance.
- 2.33. The respondent welcomes the initiation of competition in the domestic metering market. Ofgem could require GTs and DNOs to only provide new metering services for a stated fixed duration, say until June 2007, to encourage the development of a competitive metering market.

Regulating network monopolies

Centrica

- 2.34. Care needs to be taken in aligning gas and electricity price controls. When price controls are lengthened during (rather than prior to) the control period, companies can receive significant unwarranted windfalls rather than strengthened incentives to efficiency.
- 2.35. There is a potential bias towards transmission companies regarding investment in renewables (based on the approach used by the water regulator, Ofwat).
- 2.36. The proposals relating to distributed generation incentives do not appropriately balance the interests of electricity distribution companies and customers.

ENA

- 2.37. Whilst there is a firm recognition of the need to accommodate distributed generation, there should be a stronger recognition of the general need for investment in an ageing infrastructure.
- 2.38. In distribution, the introduction of the correct commercial and regulatory framework is the single most important factor affecting how Network Operators can support the Government's target for renewable and energy efficient generation.
- 2.39. The development of generation without upgrading the transmission networks will lead to significant congestion and high constraint costs.

- 2.40. For transmission developments, there is a need to establish a framework in which cost recovery for required investments can be assured.
- 2.41. Any revised quality of supply incentives should be informed by research on customers' requirements and willingness to pay for improvements.

energywatch

- 2.42. energywatch welcomes Ofgem's proposal to introduce a new quality of service scheme for implementation in April 2005.

ERA

- 2.43. ERA welcomes Ofgem's commitment to regulation that where practical focuses on what suppliers deliver in terms of services not how the services are delivered.

HSE

- 2.44. Performance targets should be set with reference to companies' proposals for capital expenditure for work that is directly or indirectly related to improving safety levels.

NGT

- 2.45. While it is important that network companies are appropriately incentivised to invest in an efficient manner, it is equally important that the regulatory framework enables network companies to efficiently raise capital and progress necessary investments.

Powergen

- 2.46. There needs to be a stronger acknowledgement of the general need for investment in ageing network infrastructure.

PUAF

- 2.47. Consumer research on network investment should investigate consumers' perspective on an appropriate balance between raising money from consumer charges and long-term borrowing on capital markets.

- 2.48. Ofgem should investigate market failures in metering competition and innovation and propose options for introducing a national programme, possibly through the network monopolies.

Scottish Power

- 2.49. It is important that any new regulatory framework for transmission and distribution investment incentives addresses risks of undertaking infrastructure investment in advance of firm capacity requirements, while incentivising innovation in this area.
- 2.50. The necessary network enhancement can be completed efficiently and effectively under the current regulatory incentives.

Shell Gas Direct

- 2.51. The respondent is not convinced that Ofgem's approach to reform of the interruptions or exit regime will lead to it being more responsive to customer demands as choice will move from consumers to NGT.
- 2.52. It recommends that a full, independent review of the SO incentive scheme for Transco be carried out in the lead up to the next price control.

United Utilities

- 2.53. The stress placed on the importance of investment, incentives, renewables and service standards for the future is welcomed, and United Utilities hopes that the price control review process will develop clear links between allowed income and the delivery of services that meet the needs of customers and Government. This must include recognition of the linkage between investment levels and supply quality, levels of risk and network resilience.
- 2.54. United Utilities welcomes research into willingness to pay. Once standards have been set, operators should be incentivised to consistently meet those levels of performance.
- 2.55. Price control revenue allowances must reflect the requirements of the capital markets from which we must draw investment finance.

WPD

- 2.56. WPD agrees that “companies must meet their statutory and licence obligations, if they do so while out-performing their price control targets they should earn higher returns”.
- 2.57. It is important that the correct incentives are placed on distributors to connect distributed generation and that adequate financial protection is given in respect of the longer term sustainability of the generators and the impact on DNOs.
- 2.58. WPD agrees that clearer incentives are needed in respect of severe weather and believes an incentive mechanism should be introduced whereby companies are rewarded for good performance and penalised for poor performance.

Confidential responses

- 2.59. The respondents are concerned about the continuing emphasis on incentive arrangements, which can readily become complex and can lead to a significantly increased regulatory burden of reporting on network operators.
- 2.60. Concerns are also expressed about Ofgem's drive to develop and change use of system charging methodologies. These are particularly disruptive to the industry and increase Ofgem's resource requirement.

Helping protect security of Britain's energy supplies

Association of Electricity Producers

- 2.61. The effect on security of supply will be one of the prime considerations of the promised Regulatory Impact Assessments.

BNFL

- 2.62. The potential role of nuclear power must play a pivotal role in the Authority's consideration of security of supply, for example through the Joint Energy Security of Supply Working Group with DTI.

BP

- 2.63. Security of supply is the major challenge facing the industry over coming years. As the UK moves to greater import dependence, there is a need to create an appropriate environment to encourage more diverse supplies of gas.
- 2.64. It is important to consider how the regulatory regime needs to evolve in order to ensure security of supply, for example:
- ◆ are incentives appropriate?
 - ◆ is gas quality variation manageable, and if so how?
 - ◆ does a level playing field exist across Europe?

British Energy

- 2.65. A full and public review of the security of supply arrangements should be one of Ofgem's key objectives in the short-term.

Centrica

- 2.66. Reliance on competitive markets and investment incentives is the best way of ensuring security of supply.
- 2.67. Improvements could be made to both information provided in the JESS report and the surrounding regulatory framework.
- 2.68. Capacity payments are unnecessary to provide security of supply.

Drax

- 2.69. Implementation/allocation plans associated with ETS and LCPD legislation will determine the amount of coal-fired generation capacity that could be removed from the system. Government and regulators need a coherent approach including assessment of implications for security of supply.

DTI

- 2.70. The strong emphasis on protecting the security of Britain's energy supplies is to be welcomed. The DTI would encourage any Ofgem proposals on the contribution of the demand side to security of supply.

EDF

- 2.71. It is unclear whether the current market arrangements will be capable of signalling a reward for capacity that is sufficiently strong to bring forward longer term investment. Monitoring and greater transparency of market operation are vital.

Energy Saving Trust

- 2.72. There should be a reference to the important long-term contribution to maintaining security of supply that is achieved by reducing energy usage by consumers.

energywatch

- 2.73. energywatch is keen to understand how Ofgem will balance the risk of a little inefficient investment or regulatory intervention with the risk of late delivery of investment that jeopardises supply security.

HSE

- 2.74. Security of energy supplies is of central importance and a key priority not only for Ofgem but also for HSE and NGT and dialogue between all three parties remains important.

NGT

- 2.75. There should be an active promotion of measures that will provide confidence that security of supply will be maintained in the longer term and not subject to any short-term crisis.

Powergen

- 2.76. Powergen fully supports the importance that Ofgem places on this subject.
- 2.77. There is a need for continued debate, in the context of projected capacity margins and the requirement for new capacity.
- 2.78. Longer term concerns about security of supply arise from the combined impact of the Large Combustion Plants Directive and the Environment Agency's approach to Integrated Pollution Control on further investment in coal-fired generation.

Scottish Power

- 2.79. There is a need for an obligation to be put on the system operator to ensure a sufficient plant margin is maintained.
- 2.80. The strategy towards network investment should take account of the need to renew an ageing asset base, and to ensure customers' rising expectations of quality of supply are met economically.

Shell Gas Direct

- 2.81. The respondent considers it essential that the long term capacity regime in gas remains consistent going forward across the next price control.

United Utilities

- 2.82. Network resilience demands greater attention, and United Utilities would welcome any shift from short-term to longer-term perspectives on asset performance and network management.
- 2.83. The focus of attention should be on trying to develop a mechanism that can monitor the resilience of networks on an ongoing basis. Should aim for outcome-based approach.

A leading voice in Europe

Association of Electricity Producers

- 2.84. Monitoring of the market among other member states could easily become a resource-intensive activity and does not appear to come within Ofgem's remit.

BOC

- 2.85. BOC supports Ofgem's approach to the European market agenda as some of the largest energy players in Britain are based in France and Germany.

BP

- 2.86. BP supports Ofgem's role in influencing and shaping the debate in Europe; this is closely linked with concerns over future Security of Supply. The three main challenges in the short to medium term are;

- The UK's transition to a net importer of natural gas
- Transposition of the 2nd Gas Directive into UK legislation
- The pace of liberalisation across Europe

Centrica

- 2.87. European issues are of increasing importance and scope, particularly in the area of cross-border transmission of gas and electricity.

ConocoPhillips

- 2.88. Pleased to see the increased importance that Ofgem now places on EU regulatory policy.

DTI

- 2.89. The UK should continue to take the lead in Europe.

EDF

- 2.90. It is not clear that work to “influence key member states’ implementation of European legislation and regulation” (para 5.6) falls properly, if at all, within the scope of Ofgem’s statutory duties.

ERA

- 2.91. ERA welcomes further engagement of Ofgem on European legislation and would expect Ofgem to represent UK interest on the proposed Energy Services Directive.

Powergen

- 2.92. European energy markets and EU energy and environmental legislation and regulation will have a growing influence on UK energy markets, because European companies have invested substantially in acquiring UK businesses, the UK will increasingly be integrated into a single European energy market, and because the UK will become increasingly reliant on European gas networks for access to gas, particularly from Russia.
- 2.93. Ofgem will need to provide advice to the Government and the Commission on how to ensure that the markets support the large infrastructure developments required to maintain secure gas supplies.

Scottish Power

- 2.94. Ofgem should not be advocating proposals in Europe which are contrary to DTI’s views.

Shell Gas Direct

- 2.95. More detail on how Ofgem’s work will be coordinated with the DTI’s should be provided. Shell Gas Direct would like to see involvement of industry participants in the development of policy.

Confidential responses

- 2.96. The respondents support Ofgem holding quarterly working group sessions for energy industry participants on relevant European developments.

Helping protect the environment

BOC

- 2.97. Ofgem should continue to play a useful role in informing customers, government and the world at large as to the cost of the multitude of Government supported or inspired schemes designed to play a part in the Government's climate change programme.

BP

- 2.98. An effective, clear and transparent EU emissions trading scheme is a priority.

Defra

- 2.99. Defra looks forward to Ofgem's continued role in EEC post 2005 so that EEC remains a key carbon abatement role in the domestic sector.

Drax

- 2.100. Drax power strongly believes that environmental objectives should be given greater emphasis within overall energy policy.
- 2.101. Economics and the current market mechanisms have dictated that there is no reward for clean generation.

DTI

- 2.102. A low carbon economy, and especially the increasing role of renewables, remains a priority for the Government.

EAS

- 2.103. The current structure of the EEC programme does little to encourage new or innovative measures to be made available to customers.
- 2.104. Ofgem is right to examine the quality of energy efficiency advice provided by the fuel suppliers to their customers.

ERA

- 2.105. For businesses to invest the large sums required for energy efficiency it is essential for there to be a degree of certainty over time. EEC targets should be set for six years, with a review of the criteria at three years.

HSE

- 2.106. Clear guidelines on the systems governing connection to the networks and their operation alongside conventional electricity generation and supply will also need to be defined.

Powergen

- 2.107. Powergen would be interested in exploring with Ofgem the options for increasing demand side participation in wholesale electricity markets. However, on the domestic front, fiscal incentives from Government will be needed, before more expensive options, such as half hourly metering can begin to be considered.

SEPA

- 2.108. It would be entirely appropriate to see in the Ofgem Strategy a target to 'Work with the environmental regulators so that environmental priorities are comprehensively addressed and adequately financed.

United Utilities

- 2.109. Ofgem can play a major role in advising Government of what is needed with regard to distributed generation and in suggesting detailed solutions to particular problems such as difficulties faced by renewable generators.

2.110. The risk necessary to achieve a step change in the rate of development of DG needs to be shared with society, in recognition of the benefits that are expected to emerge in the longer term.

Helping tackle fuel poverty

Centrica

2.111. Upward pressure on prices could have adverse effects on the fuel poor which need to be mitigated in an efficient and targeted way.

2.112. The effectiveness of the Government's funding of energy efficiency schemes to help reduce fuel poverty will be increasingly important.

EAS

2.113. Ofgem must ensure through its Social Action Plan and the EEC programme that low-income and vulnerable customers have access to measures that are designed to increase the thermal standards of their homes.

2.114. There is a view that EEC is in competition with other energy efficiency grants such as Warm Front and Warm Deal.

energywatch

2.115. To assist with social obligations, Ofgem could:

- Work jointly to better target vulnerable customers
- Press companies for improved tariff innovation
- Develop more policy on debt and disconnection
- Work together to promote the Priority Services Register

ERA

2.116. The Energy Efficiency Commitment (EEC) is an energy efficiency target linked to carbon reduction, not specifically a fuel poverty target.

2.117. The industry continues to address problems in housing stock via the EEC programme. However, it is for the Government to ensure household incomes do not drop low enough to cause fuel poverty.

National Consumer Council

2.118. It is disappointing that there is no mention of disconnections, self-disconnections or tariffs specifically designed to help vulnerable groups.

2.119. Ofgem's work will need to identify what features of payment methods are of value to consumers – especially the disadvantaged – including frequency, range and ease of access to payment outlets.

2.120. The collective gains of current energy efficiency schemes for fuel poor households are questionable – whether Ofgem administered or not.

Powergen

2.121. Energy efficiency measures have an important role to play in eliminating fuel poverty.

PUAF

2.122. Issues of 'affordability' should take greater prominence in consumer protection.

Scottish Power

2.123. Targeted Government initiatives, with support from Ofgem, energywatch and the industry, will be necessary for progress towards Government's fuel poverty targets to be achieved in the next three years.

Confidential responses

2.124. Ofgem should make the regulated charges cost reflective of the *true* costs of prepayment metering.

Improving Ofgem's efficiency and effectiveness

Association of Electricity Producers

- 2.125. Ofgem's costs are too high. Ofgem's budget is three times that of regulators in markets of similar size and staff numbers are between twice and four times as large.
- 2.126. It is not clear how Ofgem intends to deal with the difficult issue of prioritisation of objectives.
- 2.127. The AEP looks forward to the reasoned abandonment or delay of work being signalled in the Business Plan.

BP

- 2.128. BP welcomes the positive step of the introduction of RIAs and urges Ofgem to continue the ongoing refinement of the RIA process.

British Energy

- 2.129. Greater transparency is needed in the way in which the Authority/Ofgem arrives at policy decisions. This might include the publication of more information in respect of the proceedings of the Authority.

Centrica

- 2.130. Generally, transparency of Ofgem's decision making has been good or improving. However, Ofgem has made some important decisions in relation to amending company price controls with very little consultation, the absence of discussion of alternatives and without RIAs.

EDF

- 2.131. Ofgem remains too busy as a regulator, persistently claiming as mandatory large areas of work and activity that are in fact discretionary.

2.132. The opportunity should be taken to restate the role of truly independent regulation for the energy sector now that fully competitive markets have been created in the UK.

ENA

2.133. It is of utmost importance that the costs to the industry are considered before regulatory projects are initiated. ENA is pleased that Ofgem will seek to engage industry and customers in the RIA process as they are often better placed to identify such costs.

2.134. ENA supports Ofgem's further withdrawal from regulation in some areas, for example, by removing certain licence conditions.

energywatch

2.135. Ofgem places great emphasis on monitoring and examining the services companies provide to consumers, but there is a dearth of reference to taking enforcement action to protect consumers and using compliance as a means of promoting consumer confidence in the market.

ERA

2.136. Ofgem currently produces more papers than any other European regulator.

2.137. Improved competition has not led to a reduction in Ofgem's costs. Ofgem's growing budget, particularly on supply issues, does not reflect the improvements in efficiency and streamlining of functions that have been demonstrated in other parts of the energy industry.

Gas Forum

2.138. The indirect cost of dealing with Ofgem's output is a significant concern.

2.139. Ofgem's improving efficiency and effectiveness would be proven by its position at the top of a league of regulators.

HSE

- 2.140. Ofgem RIAs should ideally assess the impact on health and safety issues as well as the implications for the security of supply and the environment.

Powergen

- 2.141. By reducing the volume or length of consultations, interested parties should have more time to respond to critical documents.
- 2.142. The need to prioritise is important. In some cases this may mean abandoning projects which, although desirable, are less important in their impact.

PUAF

- 2.143. Ofgem should clarify that RIAs will include assessments of the potential social impact of proposals, as well as business and environmental implications.

Scottish Power

- 2.144. Ofgem's direct costs do not remain relatively small. As competition has become established, the cost of regulation has increased significantly.
- 2.145. One area in which Ofgem could become more effective is in relation to media relations contacts with regulated companies. A more pro-active stance by Ofgem would reduce misunderstandings.

Shell Gas Direct

- 2.146. The commitment to RIAs is welcomed. Ofgem should consider further steps to ensure that it is guided by the principles of better regulation. Ofgem should publish consultation best practice guidelines.
- 2.147. Ofgem's plan should make clear which projects will be put back when unexpected or unplanned work arises during the year.

United Utilities

- 2.148. Ofgem should focus its attention on a smaller number of major items of work. It would also be helpful to see quicker decision and more obvious precedents being set, with guiding principles clearly evident.

Confidential responses

- 2.149. Ofgem's direct costs are not 'relatively small'.

General comments

energywatch

- 2.150. energywatch's principal general comment on the Corporate Strategy relates to compliance and enforcement. Given the positioning of Ofgem's statement in the foreword "we shall make vigorous use, wherever necessary, of the enforcement powers we have under energy and competition legislation", it would be logical to conclude that Ofgem's compliance strategy would assume a position of significance in their Corporate Strategy.

ERA

- 2.151. As the market matures a key advantage to offering added value to consumers will be retailers' ability to innovate. Burdensome and disproportionate regulation must not stifle innovation in the market.

Gas Forum

- 2.152. There may be a problem of multiple work streams interacting (BETTA, RGMA, CTP and DN Disposal) and creating a succession of costly system changes.

National Consumer Council

- 2.153. Balancing social and environmental objectives is a critical challenge faced by Ofgem and is not highlighted sufficiently within the corporate plan.