

## **Ofgem Proposed Corporate Plan 2004-2007**

March 2004

59/04

## **Foreword**

Ofgem's corporate strategy, published today, sets out Ofgem's seven key themes for the coming three years. This corporate plan provides greater detail of the work we intend to undertake in 2004-2005 to support these themes and deliver our strategy. The corporate plan sets out our key deliverables, performance indicators and budget for 2004-2005. We have not stated the budget for 2005-2006 and 2006-2007 pending the RPI-X review later in the year. These budgets will be set to enable Ofgem to deliver successfully against our strategy.

This plan also reflects the recent results of my review of Ofgem's structure and resources. I am committed to ensuring Ofgem delivers its strategy in an effective and efficient way. Details of the new organisation structure are provided.

As with previous corporate plans we would appreciate views on our proposals. I look forward to receiving comments by the deadline of 23 April 2004.

**Alistair Buchanan**

**Chief Executive, Ofgem**

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# 1. Introduction

## *Focus on efficiency and effectiveness*

- 1.1. Since Ofgem was established in 1999-2000, much progress has been made in improving both our working practices and cost effectiveness. Ofgem's costs and headcount have fallen by 23 per cent and 21 per cent respectively by 2004-2005. Ofgem's budget for 2004-2005 will be £34 million, as forecast in the 2003-2006 Corporate Strategy, a reduction of 6 per cent, 8 per cent when inflation is taken into account. This will be demanding to manage because of ongoing work commitments in 2004-2005, including preparation for BETTA go-live and the electricity distribution price control review.
- 1.2. However, we are not complacent about our need to ensure we discharge our responsibilities as efficiently as possible, whilst ensuring the continued high quality of our work. To this end, following the appointment of a new Chairman and Chief Executive, we have conducted and concluded a resource review looking at both our resources and the way we work.
- 1.3. The review has led to a significant overhaul of the structure of the organisation, ensuring our resources are more closely aligned with our key themes and priorities, helping us identify areas where efficiency gains can be achieved over the coming year. (The new organisational structure is provided at chapter 6.)
- 1.4. In addition, from April 2005, Ofgem is committed to living under an RPI-X cost control regime for the following 5 years. This will be introduced following a fundamental audit of our costs later in 2004-2005. This will create year on year focus on efficiency gains.
- 1.5. Both the new structure and the introduction of a RPI-X cost control on our expenditure will ensure an enhanced focus on both the resources we require, the way in which we deploy our resources and prioritising our workload. We are committed to ensuring value for money to our stakeholders.

## ***Key workstrands and performance indicators***

- 1.6. Details of our key work deliverables and, for the first time, performance indicators for 2004-2005 are provided in chapters 2 and 3 respectively. The performance indicators have replaced those deliverables that historically were listed as 'on-going' tasks. We have done this as we believe the performance indicators provide a more meaningful measure of our performance in these areas.
- 1.7. Not all tasks that were previously noted as 'on-going' deliverables have performance indicators published in this document. However, this does not mean that those areas not listed are any less important to Ofgem or that work is not being undertaken. Work will be continuing in these areas, monitored by internal processes.
- 1.8. The 2003-2006 Corporate Strategy listed our most important deliverables for 2003-2004. Details of our performance in achieving these is provided in chapter 5 (N.B. quarter 4 final details are as yet unavailable. For those quarter 4 deliverables not yet completed, projections of completion dates have been used).
- 1.9. Overall, 56 per cent of 2003-2004 deliverables were achieved early or on target. 82 per cent have been achieved in year.

## ***Consultation and impact assessments***

- 1.10. We will continue to work openly and transparently, consulting widely with key stakeholders as a key part of our decision making process.
- 1.11. Over recent years we have improved the way in which we consult and draft documents. We will continue to focus efforts in this area. We will continue to monitor the effectiveness of our documents and consultation processes to ensure they are providing maximum benefit to both stakeholders and Ofgem.
- 1.12. Ofgem introduced regulatory impact assessments for all major areas of work in April 2003. From 30 December 2003 we are required to produce impact assessments on important decisions. As part of our drive to improve our decision making, during 2004, we will be conducting a review of the way we produce

impact assessments to ensure they are meeting the needs of both stakeholders and Ofgem.

## ***Budgets***

- 1.13. As mentioned above, Ofgem's net budget for 2004-2005 will be £34 million. It is not possible at this stage to indicate the budgets for 2005-2006 and 2006-2007 as these will be dependent on the audit of Ofgem's costs to be carried out later in 2004 and the work on setting the RPI-X cost control mechanism. As soon as we are aware of the projections for the last two years of this strategy we will publicise them. It is not possible to predict the outcome of the RPI-X review but its being in place clearly signals Ofgem's willingness to improve the way we work to ensure, wherever possible, efficiency gains.
- 1.14. If Ofgem is given new or additional work or duties, these would clearly have to be reflected in new priorities, and could result in a different budget, some of which may be determined by factors outside Ofgem's control.

## ***Support Functions***

- 1.15. Costs associated with support functions of Ofgem are apportioned to individual projects and activities. Support costs in 2004-2005 include the following;

• Human Resources	£1.1 m
• Accounts and Planning	£0.7 m
• Accommodation and running costs <ul style="list-style-type: none"> <li>○ Utilities, rental and service charges (£9m)</li> <li>○ Less property related income (£3.2m)</li> </ul>	£5.8 m
• Communications	£0.9 m
• IT	£1.3 m
• Procurement/Research and Information Centre	£0.4 m

- 1.16. As in previous years, Ofgem's three main areas of spend continue to be those related to staff, accommodation and contractors.

## ***Staff***

- 1.17. As a result of the delay in BETTA implementation staff figures for 2004-2005 will be slightly higher than projected in the 2003-2006 Corporate Strategy. Staff numbers for 2004-2005 will remain at current 2003-2004 levels, around 305.

## ***Contractors***

- 1.18. Contractor costs for 2004-2005 will be £7.7 million, a reduction of £0.7 million on 2003-2006 corporate strategy projections. The introduction of the RPI-X cost control will place significant pressure on Ofgem's contractor costs, as well as direct costs, from April 2005. Ofgem will continue to seek value for money in the use of contractors.

## ***Accommodation***

- 1.19. Ofgem continues to seek efficiency savings through its policy of disposing of surplus property. During 2003-2004 Ofgem has disposed of the final part of the Leicester estate inherited from the Department of Trade and Industry (DTI) and has reduced its occupancy of 9 Millbank by half a floor. It is expected that our Birmingham site will be disposed of in the near future.
- 1.20. In addition, energy savings are being secured following the installation of a CHP unit and improved control of building systems.

## ***Consultation on the Corporate Plan***

- 1.21. We would appreciate your comments on this plan. The deadline for comments is 23 April 2004. Responses, which will be published on the Ofgem website, other than those marked confidential, should be sent to:

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9 Millbank,  
London SW1P 3GE.

Email: [chris.chapman@ofgem.gov.uk](mailto:chris.chapman@ofgem.gov.uk)

## 2. Deliverables 2004-2005

- 2.1. The following tables list the key deliverables for 2004-2005 by Strategy theme. For each deliverable a delivery date is provided. The delivery dates are listed by quarter (Q1 – Apr-Jun 2004; Q2 – Jul-Sept 2004; Q3 – Oct-Dec 2004; Q4 – Jan-Mar 2005).
- 2.2. Ofgem is committed to improving its achievement of delivery targets. We have therefore set a target of 75 per cent achievement of deliverables on target for 2004-2005. This compares with actual achievement of 61 per cent in 2002-2003 and a projected achievement of 56 per cent in 2003-2004.
- 2.3. An update on the achievement of deliverables will be placed on the Ofgem website each quarter.

### *Creating and sustaining competition*

- 2.4. Where competition is established, Ofgem's work will continue to make sure that competition works well for all customers. Where competition is not established, we shall work to introduce and sustain it, where this is the most appropriate way of protecting consumers' interests. Ofgem will continue to place a strong emphasis on effective market monitoring.

Activity	Action	Delivery Period
BETTA	Submit core industry documents to Secretary of State for designation	Q2
BETTA	Start trialling and testing of systems necessary for BETTA 'Go Live'	Q3
BETTA	Achieve BETTA go-live	Q4 (1 April 2005)
Connections	Implement national DNO service level agreement for unmetered customers	Q3
Connections	Introduce GT standards of service licence condition	Q3
Wholesale markets	Secure release of offshore gas information to the wider market	Q1
Wholesale markets	Publish conclusion of review of imbalance price rules in electricity and gas markets	Q2
Wholesale markets	Obtain European Commission approval to regulated third party access exemptions where Ofgem assesses proposed infrastructure meets exemption requirements	Q3



Wholesale markets	Set GB System Operator incentives for NGC under BETTA	Q4
Market Infrastructure	Publish assessment of proposed changes in industry processes under the Customer Transfer Project against Ofgem's published criteria	Q4
Market Infrastructure	Before consent is granted for any sale by Transco of gas distribution networks, publish agreed plans to ensure disposal does not compromise on-going improvement of supply point administration	Q4
Metering	Facilitate industry's adoption of new arrangements to accommodate metering competition under the Review of Gas Metering Arrangements project	Q2
Metering	Publish final proposals for any price control of electricity metering from April 2005	Q3
Modifications	Secure agreement to gas supply licences including Supply Point Administration Agreement	Q1
Retail Competition	Publish proposals on improving information available to customers to help them make the best choice for them in the supply market	Q1
Retail Competition	Complete research on the role of brand independence in securing effective separation of supply and distribution businesses	Q2
Retail Competition	Review the supply licences in the light of Better Regulation principles, with the objective of improving the targeting and effectiveness of regulation, and to reduce barriers to market entry:	
	Publish work-plan for review	Q1
	Publish initial findings of review	Q3

## ***Regulating network monopolies***

- 2.5. Ofgem regulates the level and structure of the prices charged for using the monopoly gas and electricity networks. Ofgem's work in this area will continue to evolve, reflecting the desire to: adopt a consistent approach across the networks, and apply simple solutions where these are effective; improve incentives to invest while promoting efficiency; make network operators more responsive to the changing needs of their customers; maintain security of supply; and meet new challenges such as renewables and distributed generation.

Activity	Action	Delivery Period
DN Sales	Publish Authority decision on consumer benefits arising from DN sales	Q2
DPCR	Publish distribution price control review initial proposals	Q1
DPCR	Publish distribution price control review final proposals	Q3
DPCR	Publish distribution price control review licence modifications	Q4
Electricity Transmission	Publish statement on transmission investment for Renewable Energy Development	Q1
Electricity Transmission	Publish proposals on transmission investment for Renewable Energy Development	Q2
Electricity Transmission	Initial consultation on interim NGC price control	Q2
Electricity Transmission	Approve appropriate arrangements for GB electricity transmission charging	Q3
Electricity Transmission	Publish policy statement on the regulation of offshore electricity transmission	Q4
Gas Distribution Modifications	Publish Transco structure of charges final proposals	Q4
	Decision on possible reform of connection and use of system agreements relating to electricity distribution	Q4
Quality of Service	Publish final proposals for Transco incentive scheme	Q3

## ***Helping protect security of Britain's energy supplies***

2.6. Security of our energy supplies is of central importance to domestic, industrial and commercial customers. Our work reflects a belief that a combination of competitive markets, and appropriate incentive arrangements for network operators, is the best way of delivering security of supply. We will continue to provide reliable information and analysis on security of supply.

Activity	Action	Delivery Period
Security of Supply	Announce plans for security of supply for winter 2004/5	Q2

## ***A leading voice in Europe***

2.7. European energy markets and EU regulatory policy have an increasing influence on energy markets and customers in Great Britain. Ofgem's broad objective remains to assist in developing genuinely competitive European electricity and gas markets.

<b>Activity</b>	<b>Action</b>	<b>Delivery Period</b>
Effective implementation of European legislation	Working to ensure appropriate implementation of new EU legislation, both directly and in collaboration with relevant Government departments, eg: Gas (2003/55/EC) and electricity (2003/55/EC) Directives and electricity Regulation (1228/2003)	Q3
Influencing new draft European legislation	Providing appropriate advice to the relevant Government department and representing Ofgem's views directly, eg: Gas Regulation (COM (2003)741); Electricity security of supply Directive (COM(2003)740); Gas security of supply Directive (COM(2002)488) and Energy services Directive (COM(2003)739)	Q3 Q4 Q4 Q4
Shaping liberalisation agenda	Providing expert support and advice to the DTI, the EU commission and other European Energy regulators, including, through Ofgem's participation in the Council of European Energy Regulators and the European Regulators Group for Electricity and Gas	Q4
Shaping liberalisation agenda	Assessing the factors which inhibit the development of regional markets in Europe, and key factors which inhibit interactions between regional markets, and make proposals for improvement	Q4
Shaping liberalisation agenda	Ensure that unbundling of gas and electricity networks is closely monitored and that reports are prepared by the CEER on the effectiveness of unbundling	Q4

## ***Helping protect the environment***

- 2.8. Ofgem’s statutory responsibilities include having regard to the social and environmental guidance from the Secretary of State, and to the broader environmental and social policy context in carrying out our work. Ofgem also has an important role to play in administering major Government environmental programmes.

<b>Activity</b>	<b>Action</b>	<b>Delivery Period</b>
Energy Efficiency	Publish procedures for suppliers for the second Energy Efficiency Commitment.	Q4
Environmental Action Plan	Publish update of Ofgem’s guidelines on suppliers’ green offerings	Q3
Fossil Fuel Levy	Set the Fossil Fuel Levy annually (from time to time in Scotland) and ensure that it is collected	Q4
Distributed Generation	Publish the Distributed Generation Co-ordinating Group’s annual report with its advice to Ministers and the Authority	Q4

## ***Helping tackle fuel poverty***

- 2.9. Ofgem has a specific duty to have regard to the interests of vulnerable customers. Ofgem’s Social Action Plan is the framework within which we take forward our work in this area, and it is also important that we work with Government, industry, and energywatch to tackle the challenge of fuel poverty.

<b>Activity</b>	<b>Action</b>	<b>Delivery Period</b>
Fuel Poverty	Publish a report on supplier’s compliance with debt prevention and management guidelines, jointly with energywatch	Q4

## ***Improving Ofgem’s efficiency and effectiveness***

- 2.10. Ofgem is committed to delivering value for money and will continue to work openly and transparently, with consultation (including impact assessments) a key component of our decision-making process. Ofgem has recently undertaken a resource review and has re-structured the organisation more closely around the

themes. In addition, we will be undertaking a thorough audit of our cost base so that we can commit to a 5-year RPI-X cost control mechanism from April 2005.

<b>Activity</b>	<b>Action</b>	<b>Delivery Period</b>
Consumer Affairs	Complete review of the Memorandum of Understanding for working with energywatch	Q3
Government Affairs	Finalise revised arrangements for preparing impact assessments	Q2
Government Affairs	Publish revised Energy Guidelines following the Authority gaining new powers relating to the EU Modernisation of competition law	Q2

### 3. Performance indicators 2004-2005

- 3.1. The performance indicators below have replaced those deliverables that historically were listed as 'on-going' tasks. We believe the performance indicators provide a more meaningful measure of our performance in these areas.
- 3.2. Ofgem is committed to improving its achievement of delivery targets. We have therefore set a target of 75 per cent achievement of performance indicators for 2004-2005.
- 3.3. An update on the achievement of performance indicators will be placed on the Ofgem website each quarter

Activity	Action	Monitored
BETTA	No major safety or security of supply problems at BETTA Go Live	Q1/05-6
CHP	To issue CHP Levy Exemption Certificates monthly, within 10 days of the end of the month	Quarterly
Compliance	Investigate possible non-compliance with sectoral legislation and the Competition Act, in accordance with statutory timescales.	Quarterly
Connections	Completion of 95 per cent of electricity/gas determinations within 16 weeks	Quarterly
Consumer Affairs	Respond to 90 per cent of customer contacts requiring a substantive response from Ofgem within 10 working days.	Quarterly
Energy Efficiency	To respond to 100 per cent of the suppliers' scheme submissions within ten working days of the scheme submission deadline.	Quarterly
Europe	90 per cent of CEER documents are delivered within prescribed timescales and reflect Ofgem views.	Quarterly
Modifications	Followed published procedures for all modifications	Quarterly
Ofgem efficiency	Pay 98 per cent of undisputed bills within 30 days.	Quarterly
Quality of Service	Single standards of performance determinations are resolved or an alternative course of action is recommended within 16 weeks in 95 per cent of cases	Quarterly
Renewables	To respond to 100 per cent of applications for accreditation from generators within ten working days of receipt	Quarterly
Licensing	80 per cent of all licence applications will be processed within 12 weeks of receipt	Quarterly

## 4. Budget Information 2004-2005

<b>OFGEM 2004-20005* BUDGET</b>	
<b>GROSS COSTS</b>	<b>37,940</b>
<b>NON-LICENCE FEE INCOME</b>	<b>(3,940)</b>
Property Related	(3,240)
Renewables / CHP	(700)
<b>NET COSTS</b>	<b>34,000</b>

<b>2004-20005* BUDGET BY THEME</b>	
<b>CREATING &amp; SUSTAINING COMPETITION</b>	<b>15,860</b>
Retail Competition	1,740
Market Infrastructure	840
Metering	900
Energy Policy	1,540
BETTA	4,830
Connections	590
DN Sales	1,720
Gas Modifications	640
Electricity Modifications	760
Licensing	600
Consumer Affairs	720
Enforcement	980
<b>REGULATING MONOPOLY NETWORKS</b>	<b>10,800</b>
Technical Policy	1,680
Technical Statutory	970
Regulatory Accounts	680
Electricity Transmission	1,480
Gas Transmission	390
Gas Distribution	380
Distribution Policy	750
Distribution Price Control Review	2,910
Quality of Service	1,560
<b>PROTECT SECURITY OF ENERGY SUPPLY</b>	<b>1,430</b>
Security of Supply	1,430
<b>LEADING VOICE IN EUROPE</b>	<b>860</b>
Europe	860
<b>PROTECTING THE ENVIRONMENT</b>	<b>2,780</b>
Energy Efficiency	820
Renewables	850
CHP	340
Environmental Action Plan	460
Distributed Generation	190
Fossil Fuel Levy	120
<b>TACKLE FUEL POVERTY</b>	<b>570</b>
Social Action Plan	570
<b>OTHER COSTS</b>	<b>1,700</b>
Depreciation	1,200
Contingency	500
<b>NET COST TO LICENCE PAYERS</b>	<b>34,000</b>

\*It is not possible at this stage to indicate the budgets for 2005-2006 and 2006-2007 as these will depend on the audit of Ofgem's costs to be carried out later in 2004 and the work on setting the RPI-X cost control mechanism.

N.B.- A number of workstrands cut across themes. However, for simplicity and transparency individual workstrands appear under one theme only.

## 5. Performance 2003-2004

### *Report against 2003-2004 key deliverables - summary*

- 5.1. Ofgem's Plan and Budget for 2003-2004 published a number of key deliverables to be achieved in each quarter. Listed below are details of Ofgem's performance in meeting those deliverables, excluding ongoing deliverables which do not have specific target dates. The deliverables are listed by the quarters in which they were due to be completed. Each deliverable is recorded as either achieved early or on target, achieved late, delayed (will not be achieved in 2003-2004) or no longer applicable (an explanation is provided in the following table where this applies).
- 5.2. Quarter 4 final details are as yet unavailable. For those quarter 4 deliverables not yet completed, projections of completion dates have been used.

	<b>Number</b>	<b>Achieved early/on target</b>	<b>Achieved late</b>	<b>Delayed</b>	<b>n/a</b>
<b>Q1</b>	17	11 (65 per cent)	6 (35 per cent)	—	—
<b>Q2</b>	6	3 (50 per cent)	3 (50 per cent)	—	—
<b>Q3</b>	18	9 (50 per cent)	4 (22 per cent)	3 (17 per cent)	2 (11 per cent)
<b>Q4</b>	11	6 (55 per cent)	—	3 (27 per cent)	2 (18 per cent)
<b>Total</b>	<b>52</b>	<b>29 (56 per cent)</b>	<b>13 (26 per cent)</b>	<b>4 (9 per cent)</b>	<b>4 (9 per cent)</b>



## ***Report against 2003-2004 key deliverables***

<b>MAKING COMPETITIVE MARKETS WORK SUCCESSFULLY</b>			
<b>Wholesale markets</b>			
<b>Activity</b>	<b>Action</b>	<b>Delivery period</b>	<b>Completed</b>
BETTA	Delivery of relevant consultation papers (listed on Ofgem website)	Q4	Expected Q1/04-5
BETTA	Delivery of key documents, necessary for the implementation of BETTA (listed on Ofgem website)	Q4	Expected Q1/04-5
Market Surveillance	Monitor the wholesale electricity and gas markets. <i>Replaced in Q1 by the following deliverable: Monitor the wholesale electricity markets and take appropriate enforcement action when there is evidence of licence or competition law infringements</i>	Ongoing	n/a
Gas and electricity markets across Europe	Provide policy proposals on interconnectors to DTI	Q1	Achieved
Gas Trading Arrangements	Manage the process and provide policy input and take decisions on modifications to the Network Code	Ongoing	n/a
Gas Trading Arrangements	Review of gas storage and related areas	Q3	Expected Q4
Electricity Trading Arrangements	Manage the process, provide policy input and take decisions on modifications to the Balancing and Settlement Code (BSC), CUSC, Transco's network codes and independent gas transporters' network codes	Ongoing	n/a

<b>MAKING COMPETITIVE MARKETS WORK SUCCESSFULLY</b>			
<b>Retail markets</b>			
<b>Activity</b>	<b>Action</b>	<b>Delivery period</b>	<b>Completed</b>
Compliance	Monitor and, where necessary, investigate misselling under new enforcement procedures finalised in August 2002	Ongoing	n/a
Compliance	Publish final proposals for improvements to the marketing licence condition	Q3	Expected Q1 2004/5
Market infrastructure	Start review of problems and possible solutions in industry processes supporting customer transfers and billing	Q1	Achieved
Market infrastructure	Publish report on effectiveness of industry arrangements for dealing with Erroneous Transfers	Q3	Achieved
Market infrastructure	Publish final proposals for solutions to problems with industry processes supporting customer transfers and billing	Q4	Removed during Q2 as customer transfer

			process is now industry led
Supply competition & deregulation	Publish results of I&C competitive market review	Q1	Achieved Q2
Supply competition & deregulation	Commence new review of I&C markets	Q4	Removed in Q1 as decided not to proceed
Supply competition & deregulation	Publish review - competition in domestic markets	Q4	Expected Q1/2004-5

### MAKING COMPETITIVE MARKETS WORK SUCCESSFULLY

#### Industry structures

Activity	Action	Delivery period	Completed
Connections	Implement National Registration Scheme for Electricity Connections	Q1	Achieved
Connections	Start national roll out of 'live' working relating to new connections on greenfield housing estates	Q3	Achieved
Connections	Publish yearly market reviews	Q3	Achieved Q2
Corporate Transactions	Consult interested parties and provide advice to the Office of Fair Trading (OFT) within the relevant statutory timetable	Ongoing	n/a
Metering	Industry implement business processes that support a competitive metering market	Q3	Expected Q2/04-5

### REGULATING MONOPOLY BUSINESSES EFFECTIVELY

#### General

Activity	Action	Delivery period	Completed
Developing monopoly price controls	Publish document outlining principles for monopoly regulation	Q1	Achieved
Finance & Compliance	Resolving finance & compliance disputes and determinations.	Ongoing	n/a

### REGULATING MONOPOLY BUSINESSES EFFECTIVELY

#### Gas (transmission)

Activity	Action	Delivery period	Completed
Transco NTS	Provide policy input and take decisions on modifications relating to Transco's NTS connection/use of system policy	Ongoing	n/a
Transco NTS	Consider any further proposals for unbundling Liquefied Natural Gas (LNG) arrangements	Q1	Achieved
Transco NTS	Commence development of Transco's NTS new exit regime	Q2	Achieved Q1
Transco NTS	Consult on Transco's System Operator (SO) incentives and consider other incentive initiatives	Q2	Expected Q4

Transco NTS	Publish conclusions documents on review of Transco's capital expenditure programme	Q3	Not necessary as Transco has not initiated any incremental capacity proposals.
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#### REGULATING MONOPOLY BUSINESSES EFFECTIVELY

##### Electricity (transmission)

Activity	Action	Delivery period	Completed
National Grid's NTS	Review and develop system operator incentive scheme and consult on developments	Ongoing	n/a
National Grid's NTS	Provide policy input and take decisions on amendments relating to NGC's connection/use of system policy, including transmission access arrangements. <i>Replaced during Q1 by the following deliverable: Manage the process, provide policy input and take decisions on modifications to statements provided in accordance with AA4, C7, C7a and C7b of NGC's transmission licence</i>	Ongoing	n/a
National Grid's NTS	Manage the process and provide policy input and take decisions on modifications to the Connection and Use of System Code (CUSC)	Ongoing	n/a
National Grid's NTS	Manage the process, provide policy input and take decisions on modifications to the Balancing and Settlement Code (BSC). <i>Introduced in Q1 to better describe work being done</i>	Ongoing	n/a

#### REGULATING MONOPOLY BUSINESSES EFFECTIVELY

##### Gas (distribution)

Activity	Action	Delivery period	Completed
Distribution - Gas	Publish final proposals - IGT charging	Q1	Achieved Q2
Distribution - Gas	Publish final proposals - LDZ separation	Q1	Achieved
Distribution - Gas	Publish consultation paper on structure of gas distribution charges	Q3	Expected Q4
Quality of service - gas transporters	Resolving GT disputes and determinations	Ongoing	n/a
Quality of service - gas transporters	Publish annual report on GTs' quality of service	Q3	Expected Q4

<b>REGULATING MONOPOLY BUSINESSES EFFECTIVELY</b>			
<b>Electricity (distribution)</b>			
<b>Activity</b>	<b>Action</b>	<b>Delivery period</b>	<b>Completed</b>
Distribution Policy	Publish consultation document on Distribution Losses	Q1	Achieved
Distribution Policy	Publish Structure of Electricity Distribution Charges update document	Q1	Achieved
Distribution Policy	Publish final proposals on Distribution Losses	Q2	Achieved Q3
Distribution Policy	Publish decision document on framework of electricity distribution charges for use of system	Q2	Achieved Q3
Distribution Price Control Review	Publish initial consultation on distribution price control review	Q1	Achieved Q2
Distribution Price Control Review	Publish distribution price control review update document	Q3	Achieved
Distribution Price Control Review	Publish initial policy document on distribution price control review	Q4	Expected Q4
Quality of service - DNOs	Resolving DNO disputes and determinations	Ongoing	n/a
Quality of service - DNOs	Carry out survey of customers' views on quality of telephone response	Ongoing	n/a
Quality of service - DNOs	Publish customer survey results on customers' willingness to pay/changes to standards and output measures	Q2	Achieved
Quality of service - DNOs	Publish annual report on DNO's measurement systems and accuracy of reporting	Q3	Expected Q4
Quality of service - DNOs	Publish annual report on DNO's quality of service	Q3	Expected Q1/04-5
Quality of service - DNOs	Publish initial thoughts on revised standards of performance and changes to outputs/incentives	Q3	Achieved
Quality of service - DNOs	Publish update on revised standards/outputs/incentives	Q4	On target

<b>SECURING BRITAIN'S GAS AND ELECTRICITY SUPPLIES</b>			
<b>Activity</b>	<b>Action</b>	<b>Delivery period</b>	<b>Completed</b>
Security of Supply	Monitoring long-term security of supply issues, such as reviewing barriers that may prevent the market from operating effectively.	Ongoing	n/a
Security of Supply	Security of supply - Bi annual retrospective reports	Ongoing	n/a

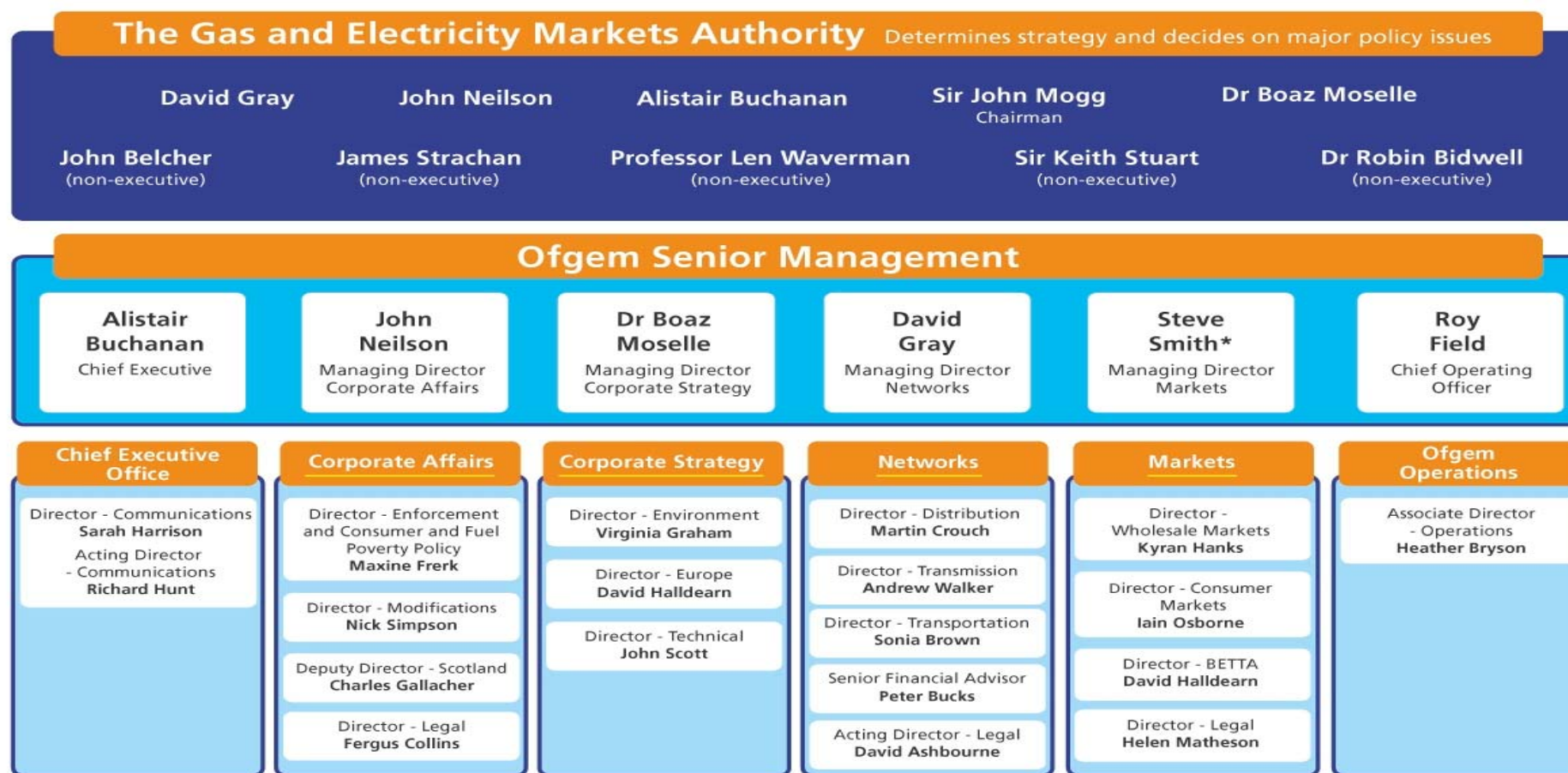
<b>HELPING TO TACKLE FUEL POVERTY AND WORKING TOWARDS A LOW CARBON ECONOMY</b>			
<b>Activity</b>	<b>Action</b>	<b>Delivery period</b>	<b>Completed</b>
Combined Heat & Power	Issue GQCHP LECs monthly	Ongoing	n/a
Combined Heat & Power	Finalise procedures for administering exemption for Good Quality Combined Heat and Power (GQCHP) from the Climate Change Levy (CCL)	Q1	Achieved Q3
Distributed Generation	Publish a clear work programme for incorporating Technical Steering Group (TSG) workstream recommendations into Government and Ofgem policy where appropriate	Q1	Achieved
Distributed Generation	Present an annual report on the activities of the Distributed Generation Consulting Group (DGCG) to Ministers and the Authority.	Q4	On target
Energy Efficiency	Issue quarterly updates on EEC schemes submitted and approved and the progress of suppliers against the target	Ongoing	n/a
Energy Efficiency	Publish evaluation reports on aspects of Energy Efficiency Standards of Performance (EESoP) 1, 2 and 3 with Energy Savings Trust (EST)	Q1	Achieved Q2
Energy Efficiency	Issue first annual report on Energy Efficiency Commitment (EEC)	Q2	Achieved
Energy Efficiency	Publish follow-up monitoring report on energy efficiency advice	Q3	Achieved
Environmental Action Plan	Participate regularly, as agreed, in the DTI/Defra/Ofgem joint working group on the environmental issues	Ongoing	n/a
Environmental Action Plan	Include environmental impacts in the Regulatory Impact Assessment for all significant new Ofgem policies	Q1	Achieved
Environmental Action Plan	Publish EAP annual review	Q1	Achieved
Environmental Action Plan	Issue Decision Document on fuel mix and consumption data disclosure on bills/websites &c.	Q3	Removed as DTI now taking this work forward
Fossil Fuel Levy	Collect the levy-associated income. <i>Replaced during Q1 by the following deliverable: Collect the levy-associated income for England and Wales (monthly)</i>	Ongoing	n/a
Fossil Fuel Levy	Set the Fossil Fuel Levies annually at the end of March, and communicate them to the public with a press release. <i>Replaced during Q1 by the following deliverable: Review the Fossil Fuel Levy for England and Wales at least annually and communicate them to the public with a press release</i>	Q4	Achieved Q3

Renewables	Continue to issue Renewables Obligation Certificates (ROCs) and Levy Exemption Certificates (LECs) monthly	Ongoing	n/a
Renewables	Complete the first annual settlement of the Renewables Obligation (RO) and Renewables Obligation Scotland (ROS)	Q3	Achieved
Renewables	Calculate and collect the RO/ROs 'Buy-out' funds, and recycle them to suppliers in GB	Q3	Achieved
Renewables	Issue the first annual report on the RO/ROS	Q4	Achieved
Social Action Plan	Publish quarterly statistical monitoring reports on social obligations	Ongoing	n/a
Social Action Plan	Publish monitoring report on Priority Service Register (PSR)	Q3	Achieved
Social Action Plan	Publish SAP Annual Review	Q4	On target

#### **OFGEM'S EFFICIENCY AND EFFECTIVENESS**

<b>Activity</b>	<b>Action</b>	<b>Delivery period</b>	<b>Completed</b>
Regulatory impact assessment	Implement regulatory impact assessment for all new policies	Q1	Achieved Q2

## 6. Organisational Structure



\* Steve Smith will be appointed to the Authority along with two new non-executives in due course