

R/17

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## BETTER REGULATION BALANCE IMPORTANT FOR OFGEM DURING NEXT FIVE YEARS

- **Need to balance new duties and expectations with 'better regulation'**
- **This is major challenge for Ofgem in meeting primary duty to protect energy consumers**
- **Widespread support for Ofgem's work on liberalisation across Europe**
- **Continuity in work themes for next five years promotes consistency and stability**
- **'Project Paperless' major project for 2005-2006**

Striking the right balance between meeting the demands placed on it by 'better regulation' and new duties and stakeholder expectations will be a major challenge for energy regulator Ofgem during the next five years.

The 'better regulation' theme is one which Chairman, Sir John Mogg, highlights throughout Ofgem's Corporate Strategy and Plan for 2005-2010 which is unveiled today (Thursday).

He said: "We are alive to the fact that there is a delicate balance between adhering to better regulation principles at all times, and meeting the demands placed on us by new duties and our stakeholders. We are confident we can meet this challenge and continue to provide best value for money for consumers who remain the first priority in everything we do."

Part of the 'better regulation' agenda is about improving the way in which Ofgem works. Building on the initiative in 2004-2005 to practice what it preaches by imposing an RPI-3 per cent cost control, Ofgem has launched 'Project Paperless' for 2005/06 - a comprehensive review of everything Ofgem publishes which will aim to reduce the volume, and improve the quality and presentation, of all documents.

Another key theme for Ofgem during the next five years is to continue to be a leading voice in Europe so that it can press for an acceleration of pace for energy liberalisation.

"British consumers' interests and the competitiveness of British energy markets are inextricably linked to the successful development of competition in Europe," added Sir John. "We are encouraged by the strong support for Ofgem's work in Europe and we recognise that this requires a demanding commitment of resource from Ofgem."

Other Ofgem themes for the next five years are consistent with previous years. They are: creating and sustaining competition, regulating networks, helping to protect the security of Britain's energy supplies, helping to protect the environment and helping to tackle fuel poverty. They support Ofgem's statutory duties, take full account of the wider public policy environment and help promote regulatory consistency and stability.

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## **Note to editors:**

1. Examples of where Ofgem is working to 'better regulation' principles include:

- the launch of the supply licence conditions review with a view to removing unnecessary conditions in the licences of gas and electricity businesses
- the two year 'roll over' of the Scottish Transmission price reviews so that all transmission companies can be dealt with at the same time, in 2007
- operating under a cost control - the combined impact of minus six per cent in its budget for 2004-2005 and RPI-3 per cent for the following five years means that by 2009, Ofgem's operational efficiency will have improved by 20 per cent
- reviewing Impact Assessments (IAs) which have been in operation for a year - Ofgem will implement best practice that has emerged from this study and it is clearly well ahead of Government practice in this area, and
- launching 'Project Paperless' after Easter - this major project will review the quality, relevance, quantity and timeliness of Ofgem's written product, notably its consultation documents.

2. Ofgem's 'better regulation' activities are in line with the recommendations laid out in the independent review of public sector efficiency prepared by Sir Peter Gershon, the recent Hampton Report and the Better Regulation Task Force (Arculus) Report.

3. Copies of the document "Ofgem Corporate Strategy and Plan 2005-1010" available on the Ofgem website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Hard copies can be ordered from the Ofgem distribution centre on 020 7901 7116 or by email from [distribution@ofgem.gov.uk](mailto:distribution@ofgem.gov.uk).

4. 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 and the Electricity Act 1989, as amended by the Utilities Act 2000 as well as under the Competition Act 1998 and the Enterprise Act 2002.

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