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## OFGEM LOOKS TO THE FUTURE IN PAST YEAR REPORT

- **Annual report charts year of landmark reforms**
- **Decisions from 2006-2007 will boost investment and cut red tape to help improve protection for all customers and for the environment**

After a year in which energy regulator Ofgem has delivered landmark reviews including those of its controls on gas and electricity networks and the rules governing the supply sector, today it looks to the impact on the energy sector's future of those and other achievements.

The energy regulator has outlined in its Annual Report 2006-2007 how its work in the year will add to the drive that is running through the UK and across the rest of Europe toward a more sustainable energy industry.

In the past year Ofgem's work has enhanced the industry's capability to meet the need for greater environmental protection. It has brought firmer security of supply, better protection for all consumers including low-income and other vulnerable groups and strengthened Britain's influential position in the EU.

Ofgem's achievements arise chiefly from its boost to investment allowances, cutting out red tape to reduce the regulatory burden and through research to gain better insight into consumers' needs.

The UK industry is amid sweeping change driven by environmental considerations as well as growing exposure to global energy markets. "Ofgem has sought not only to respond to such change but also to anticipate it and, on occasion, to accelerate such change," said Ofgem chairman Sir John Mogg.

Policy groundwork which will become more evident in the coming year included work on a regulatory regime for offshore electricity transmission, Ofgem's lead in smart metering standards and trials and efforts to win a new European legislation package and improve further the quality of market information from outside the UK.

Energy was high-profile for much of the year of the report and Ofgem demonstrated its expertise in policy work, advice and facilitation across the spectrum of issues. "With energy at the top of the social, environmental and political agendas the qualities and knowledge of Ofgem's staff have been in demand," said Ofgem chief executive Alistair Buchanan.

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## Notes to editors

1. Ofgem's Transmission Price Control Review doubled the investment allowances for the gas and electricity grid operators in the UK to meet the demand anticipated from new

renewable generations and to renew ageing infrastructure.

2. Ofgem completed a one year interim review of gas distribution price controls and started work in the first separate full five-year controls since a separate gas distribution sector was created by National Grid's sale in 2005 of half of the networks.
3. The Supply Licence Review halved the number of rules governing the energy suppliers and clarified the remaining conditions to simplify matters for potential new entrants and to improve protection for vulnerable customers.
4. The competitive market in the UK has attracted infrastructure investment worth some £10 billion to improve the nation's security of supply.
5. 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. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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