

The background of the slide features a close-up, artistic photograph of interlocking mechanical gears. The gears are in various shades of blue and white, with some parts appearing blurred to create a sense of motion. A large, white, stylized arrow graphic points from the left side towards the center of the slide, partially overlapping the gear image and the text.

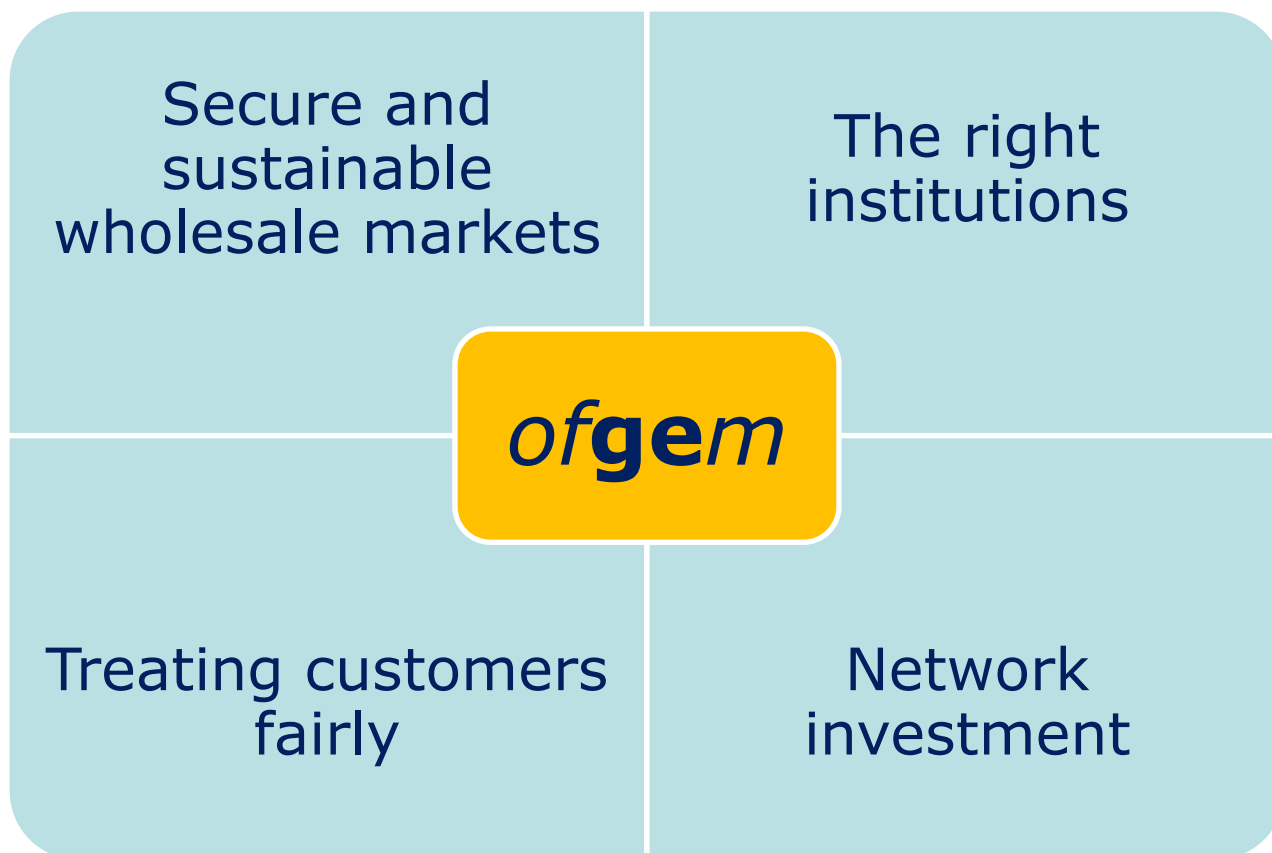
Winter Outlook Seminar

Current Regulatory Issues

Andrew Wright
Senior Partner Markets

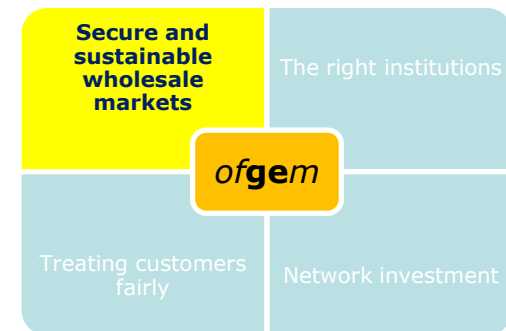
28 September 2010

Regulatory issues



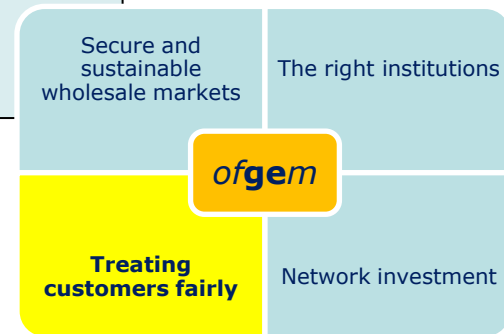
Wholesale markets

- ***Project Discovery*** is dead
- long live ***Electricity Market Reform (ERM)***
- and the reform of ***gas market arrangements***
- ***Attracting investment.....***
 - Carbon floor price?
 - Green investment bank?
 - Other measures?
 - RO reform?
- ***Liquidity***



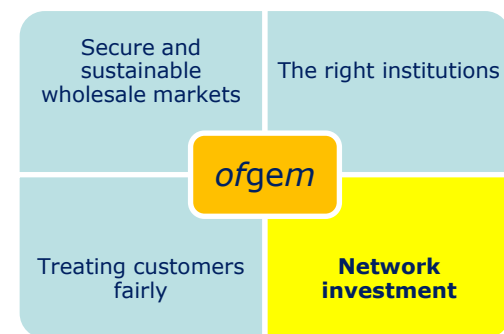
Treating customers fairly

	Probe follow up	Further measures
Actions	<ul style="list-style-type: none"> • Monitoring implementation • Monitoring the market • Enforcement 	<ul style="list-style-type: none"> • “Loose ends” • Government initiatives • Liquidity measures • Have we done enough?
Examples	<ul style="list-style-type: none"> • Price discrimination • Mis-selling • QR and Financial reports • Annual statements etc. • Standards of conduct 	<ul style="list-style-type: none"> • Automatic contract rollover • “65-days” • Smart metering/ Green Deal • More?



Network Regulation

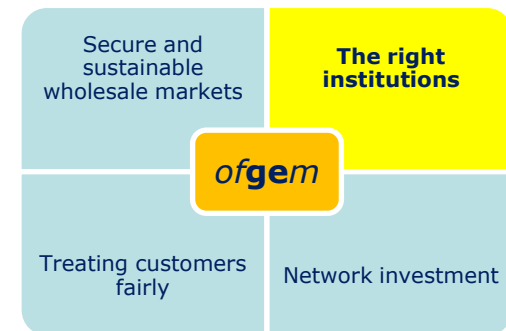
- ***Maintaining leadership in network regulation***
 - ***RPI-X@20*** review recommend the implementation of Sustainable network regulation using the ***RIIO*** model
 - **(Revenue = Incentives + Innovation + Outputs).**
- ***Price Controls***
 - ***TPCR5*** and ***GDPCR2*** *have now started*
 - The first price reviews under ***RIIO***
- ***TransmiT***
 - Comprehensive review of the charging regime for transmission in gas and electricity.
- ***Offshore regime***



The right institutions

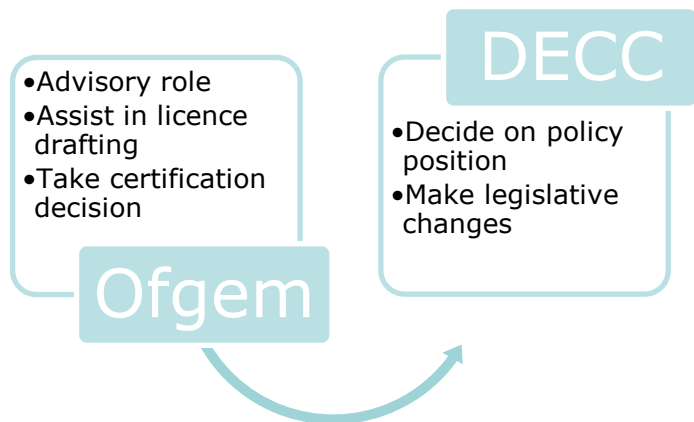
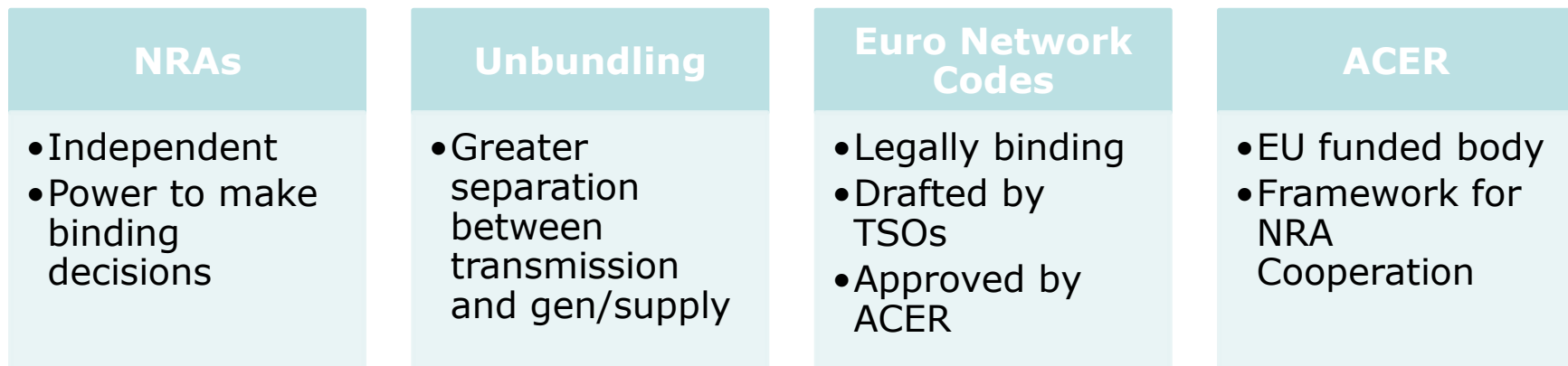
- ***Ofgem Review***
- ***Delivery landscape review***
- ***EU Third package***

“Ofgem’s role as independent regulator of the gas and electricity markets is a critical part of the landscape”.

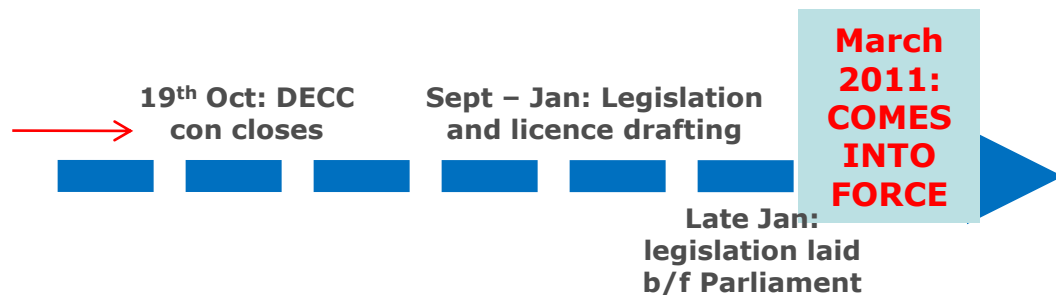


Third Package

- **Key role in developing 3rd Package and engaged in 3rd Package implementation for Spring 2011**



DECC is responsible for overall implementation and is working to a v tight timetable...





Promoting choice and value
for all gas and electricity customers