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Ofgem's Five Year Corporate Strategy and Plan 2011 – 2016

Dear Andy,

We welcome the opportunity to respond to Ofgem's proposed five year Corporate Strategy and Plan for 2011-2016. The response is provided on behalf of RWE Npower plc.

Our response to the four themes outlined in the consultation document is attached but we provide some high level comments below.

- The importance of 'joined-up' thinking needs to be highlighted between the regulator's Transmit and liquidity projects and the Government's Electricity Market Reform.
- The next transmission and gas distribution price controls will reflect the RIIO regulatory model. Ofgem will need to ensure that this framework is flexible in the face of uncertainties such as infrastructure build and the role of gas in the future energy mix, in order to facilitate investment levels.
- With regards to Project TransmiT, we do not believe that the case has been made for fundamental change to the GB transmission charging arrangements.
- The process of going through the Significant Code Review on Gas Security of Supply has brought forward a number of issues regarding timing and clarity on the need for reform, which will need to be considered in relation to all further reviews of this nature.
- Given the present scale and pace of regulatory change, Energy Companies are dealing with a raft of proposals brought forward to deliver a range of political and policy objectives, within extremely challenging timescales. These will have a significant impact on systems and processes and it is essential to fully recognise and effectively manage the associated impact, risks and costs.
- The key development in 2011 will be the implementation of the Warm Homes Discount.

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We hope our views are useful and if you wish to discuss any aspect of the response, please do not hesitate to contact me.

Yours sincerely,

By email so unsigned

Jill Brown
Economic Regulation

Theme 1 – Contributing to the achievement of a low carbon energy sector

Energy Networks

Transmission and Distribution

- Roll out RIIO conclusions in the next transmission and gas distribution price control reviews
- Transmission Operator incentives – assess and decide funding for major investment projects that will facilitate 2020 renewable targets
- Transmission Investment for Renewable Generation (TIRG) – assess any requests for funding renewable projects within price control periods using the TIRG mechanism
- Low Carbon Network Fund (LCNF) – decide on new electricity distribution projects to receive funding
- Innovation incentives – develop proposals to extend LCNF principles to electricity transmission and gas distribution

The energy industry will face a prolonged period of significant investment to meet climate change and renewable energy targets and delivering security of supply cost effectively. The network businesses will have a key role in facilitating delivery of these sustainable energy targets and we agree that network regulation should continue to be a core Ofgem function.

At the transmission level, there is uncertainty around what infrastructure needs to be built, where and when it will be needed coupled with changing patterns of supply and demand. These uncertainties are relevant to both the gas and electricity sectors. There will also be significant uncertainty surrounding the utilisation of gas distribution networks as the future role of gas in the energy mix is far from clear. The next transmission and gas distribution price controls will reflect the RIIO regulatory model. Both Ofgem and the network businesses will need to ensure that the high level RIIO framework is translated into price controls which create an enduring regulatory framework that is flexible in the face of these uncertainties and which facilitates the levels of investment required. Our expectation would be that the mechanisms currently outside the price control arrangements, such as TIRG and the TO investment incentives, will be subsumed into the main price control.

A key challenge for Ofgem will be to balance the level of network infrastructure required for the timely connection of generation assets, particularly renewables and ensuring that the costs for customers are no higher than necessary. There is likely to be a requirement in funding for strategic network investments to support the necessary growth in renewable and other low carbon generation. While we support the introduction of incentives to encourage longer-term thinking, innovation and anticipatory investments, we still strongly believe that these decisions must be guided, at least in part, by user commitment. This will minimise stranding risk, as assets will be constructed where users who are willing to commit, require them. This is consistent with Ofgem's role to ensure value for consumers who ultimately would bear the costs of stranded assets. We believe that a proportion of the investment costs should be underwritten by users and that this is equally applicable to the gas and electricity sectors. Furthermore, it remains our strong view that Ofgem should also ensure that the arrangements for charging for access remain cost reflective and that incentives to locate generation in appropriate parts of the country are maintained in order to minimise costs.

TransmiT – conclude the review of transmission network charging arrangements

We believe that the current electricity and gas transmission charging arrangements have served both the gas and electricity industry well and have facilitated the delivery of economic and efficient transmission networks. For example, generation projects, LNG terminals and demand investments are located at least cost to the customer, thereby helping to maximise customer welfare across the entire GB system. These arrangements, therefore, provide a sound basis for the low carbon transformation of the GB electricity and gas industries and make an important contribution to the government's affordability criteria for the energy sector.

We do not believe that the case has been made for fundamental change to the GB transmission charging arrangements. In particular we do not support any proposals that would remove the locational charging arrangements for users of the GB transmission systems. In our view the burden of proof should be on those who want to move away from the present charging regime to demonstrate why a change of arrangements is superior to what is in place at present.

Offshore Transmission – issue transmission licences for Round 1 companies, select preferred bidders for Round 2a licences and implement refinements to the existing enduring offshore transmission regime

The competitive offshore transmission regulatory regime has been established and, from a generator's perspective, we agree that it is important that Ofgem implements the refinements identified for the enduring regime. We welcome the inclusion of a generator build model and proposals to include a greater level of generator involvement in the evaluation process and constraining variant bids to the envelope of preconstruction works defined by the developer. There are a large number of outstanding implementation issues regarding the enduring regime and Ofgem should undertake further consultation on such issues relating to each of the proposed enduring tender models. A fundamental outstanding issue is the decision on whether point-to-point connections or an integrated approach is the appropriate regulatory offshore model going forward. While we recognise the potential improved efficiency from moving to an integrated approach, this must not jeopardise delivery of projects already in progress or delay projects due to increased regulatory uncertainty.

Decide whether a part of National Grid's gas transmission network should be used for a Carbon Capture and Storage demonstration project

We acknowledge that the government continues to support CCS demonstration plants although the funding mechanisms remain unclear.

We believe that the NTS pipeline being considered for CO₂ transportation will have the potential to favour the Longannet power station (Scottish Power) demonstrator plant for CCS. Therefore the potential effects on competition will need to be considered. We would therefore encourage and support some element of market testing to determine what appetite may exist for a CO₂ transportation business. We would also draw your attention to our viewpoints that have been expressed in Ofgem's second consultation in 2010 on the proposed disposal of part of the NTS for CCS.

We would also question whether a full understanding of the technical issues has been considered in transferring a gas pipeline to one transporting CO₂, and would like to see visibility on this analysis, and the consequent level of incurred costs, both upfront and ongoing.

Network charging arrangements

Where cases have been made and accepted by Ofgem for changes to network charging levels, we urge Ofgem to provide adequate advance notice before implementing these. We believe that network companies are better placed to bear the cash flow impact of changes than suppliers; they have specific licence provisions providing for recouping of shortfalls in allowed revenue. We believe the impact on suppliers (whether large or small) is more severe. Regulatory uncertainty raises the cost of capital in this sector to the long term detriment of customers.

Energy Markets

Continue work to reform market processes to encourage new market entry and the development of new energy services for consumers

In order to encourage new entrants into the Retail market, we would be concerned at any reform of market processes that resulted in a two-tier mechanism being formed: arrangements which exempt new entrants from obligations increase the risk for existing suppliers. It is not clear that this is in the long term interests of customers.

Work with Government and industry on the electricity market reform to encourage investment in low carbon generation

The package of proposals set out in the EMR consultation seems to represent a radical departure from the competitive market. On the face of it, this seems at odds with the statement that the Government acknowledges the importance of competitive markets to deliver objectives efficiently with minimum cost to consumers and states that markets should be allowed to function where effective. It will be difficult to reconcile both of these seemingly conflicting policy directions.

We note that although all existing players have said that they are capable of and willing to manage wholesale price risk, the EMR proposals place significant emphasis on diluting wholesale price risk to encourage new entrants and new investors into the market. The proof of their success will be if they do indeed result in new entrants or new investors committing to new low carbon projects.

We believe that more work needs to be done to understand the synergies and conflicts between the proposed measures in the EMR package, to avoid over-design and policy redundancy and to ensure that the EMR delivers its objective of the transition to secure, low carbon electricity system at least cost to the consumer. For example, further consideration is needed with regard to the interplay between a carbon floor price and a Feed-in-Tariff or a two-way CfD.

Theme 2 – Helping to maintain the security of Britain’s energy supplies

Energy Networks

RIIO – develop range of output measures as part of the transmission and gas distribution price control reviews

The generation mix will change as the UK seeks to achieve reductions in CO₂ emissions and maintain security of supply. With the decline in UKCS gas supplies and increasing share of gas-fired generation in the medium term, it will be important that the gas transmission and distribution networks are flexible enough to accommodate supplies from a range of sources, including biogas. The price control outputs must reflect this uncertainty, while the regulatory regime must provide a stable environment to give investors the confidence they need to invest in generation and other assets, such as gas storage.

European transmission – work to harmonise arrangements and facilitate cross-border trading

With the implementation of the EU Third Energy package in early March 2011 and its single market obligations on national regulators as well as its duties on them to comply with and implement the Agency for the Cooperation of Energy Regulators’ (ACER’s) and European Commission’s (EC’s) relevant legally binding decisions, we continue to support Ofgem’s participation in European energy regulation.

Liberalisation of the energy market has brought benefits to UK customers and we continue to support both cost-effective implementation of EU policies and market-based mechanisms wherever possible. In particular, we look to Ofgem playing a key role in ACER’s production of the Framework Guidelines to apply such an approach.

Furthermore, given that GB gas and electricity wholesale and retail markets are the most competitive and transparent in Europe, we would urge that any implementation of new requirements is not overly prescriptive and provides the flexibility to undertake Impact Assessments on the specific markets and to allow for consequent variation before they are imposed. We look to Ofgem to work with Government to ensure appropriate transposition into UK law.

Energy Markets

Continue to review our regulatory treatment of Third Party Access at gas storage and LNG facilities to promote future investment

We have generally supported Third Party Access (TPA) exemptions for gas storage facilities and other infrastructure projects. Ofgem has recently consulted on its proposed approach to TPA in light of the requirements of the Gas Regulation and we believe that provided Storage System Operators (SSOs) take due account of this guidance when making capacity available to potential users (including related undertakings), the risks to the market and consumers from exercising market power they may have should be low.

Undertake a Significant Code Review on gas security of Supply

The new regulatory mechanism of the Significant Code Review, is focusing on whether reforms to the current gas market arrangements are required to ensure security of supply. As this is the first SCR to emerge from the Code Governance Review, we welcome the opportunity to contribute to the process.

However, as the focus of this SCR is primarily concerned with the emergency arrangements, we seek evidence and a stronger case that change is necessary, and question what has fundamentally changed within the market to necessitate intervention at this time. To date, market arrangements have facilitated desirable outcomes and continue to do so, with no indication that this will not be the future case, particularly in the event of a low-probability, high-impact incident such as a gas deficit emergency within GB.

As this SCR process is currently underway, we are concerned about the compressed timescale involved that may lead to under-developed solutions being put in place for the delivery timescales proposed. Initial observations suggest that the new arrangements being put forward by Ofgem could lead to the erosion of a deep and liquid wholesale market, which has become a source of great flexibility, as well as leading to increased costs for consumers.

The Gas Security of Supply SCR process also highlights other areas where emphasis should be focused. For example, we believe Ofgem should concentrate more on the prevention of an emergency, rather than changes to the current arrangements in the unlikely event of an emergency arising. Furthermore, the subject of import gas quality is currently absent from the SCR, but remains an important issue to be resolved within the emergency arrangements.

Undertake a Significant Code Review on electricity cash-out arrangements (subject to the outcome of the Government's EMR process).

It is worth considering the extent to which the current arrangements require any fundamental reform. It appears there is a tension in the current arrangements between the cost reflectivity of National Grid actions and the creation of cash out prices that reflect the costs that the market would have incurred if it had been able to procure energy to resolve the net energy imbalance.

Tinkering with the administered arrangements underpinning the cash out algorithms does not solve the problem that cash out prices cannot rise to a high enough level to reflect system stress. This is the so called "missing money" problem. In particular the structure of the market is such that the payment of option fees by NG under forward contracts for standing reserve tend to undermine short term price signals. In effect cash out prices are not sufficiently high or volatile to provide the correct price signals into the energy market.

While administered solutions can be proposed to address the missing money problem, such arrangements have their own problems. (e.g. what is the "correct" level of prices at times of system stress?).

Ofgem notes that a review of cash out would be contingent on the outcome of EMR. We would note that it is also important to link cash out arrangements with the rules governing the participation of the demand side in the market. This is especially true given the much greater potential for demand side participation arising from smart metering roll out.

Undertake a Significant Code Review on the impact of smart metering on wider industry processes, such as settlement arrangement, and develop wider code changes to maximise the value of data made available by smart meters

We support the development of a smart energy code, which will unite the market arrangements for gas and electricity and ensure that they are fit for purpose for smart metering. There are a number of potential models, such as an overarching code requiring accession to other codes; a "clean" build-from-scratch for smart meters only, or a building up of codes, for example the Master Registration Agreement and the Balancing and Settlement Code.

Enhance security of supply modelling

We firmly believe that the market will provide the least cost option to delivering security of supply. Where Government identify a different security of supply standard to that delivered by the market, it should carry out an impact assessment that clearly evaluates the reasons for intervention. This should be limited to a minimum, compatible with its objectives, such that the impact on the rest of the market is minimal. Where there are existing mechanisms in place, such as Short Term Operating Reserve (STOR), these should be examined as a first option for delivery of increased interventions.

Theme 3 - Promoting quality and value for all consumers

Energy Networks

Price controls

- Transmission Price Control Review (TPCR) Roll-over – Finalise arrangements for the roll-over of TCPR4
- RIIO – Transmission review 1 (RIIO-T1) – Develop a decision document, assess company business plans, engage with stakeholders, facilitate third party delivery of infrastructure, develop innovation and uncertainty mechanisms
- RIIO – Gas Distribution 1 (RIIO-GD1) – (as above for RIIO-T1)

Given the scale of investments required, it is vital that this is undertaken efficiently. We continue to believe that cost reflectivity has an important role to play in moving to a low carbon electricity market as it produces a more efficient electricity market at a lower cost to the consumer whilst delivering Government low carbon targets. In addition, there is a clear role for investing in response to user commitments, although we accept that there is a balance to be struck between ensuring commitment to strategic investment ahead of need and protecting consumers from inappropriate risks and costs.

Energy Markets

Implement and monitor new rules on advance price change notification, taking enforcement action where appropriate if suppliers do not comply fully

The statutory consultation regarding price change notification has recently been released confirming the regulator's intention to modify standard licence condition 23 (*Period for notifying unilateral contract variations*). This SLC would require suppliers to give 30 calendar days advance notice of any increase in prices or other unilateral variations to a customer's detriment. We have proposed alternative approaches in earlier stages of engagement with Ofgem, and we continue to point out the unreasonableness of a one month period to implement a change once a decision has been made. As suppliers are called upon

to deliver an ever increasing number of obligations, with potentially complex interactions, it will be increasingly important to allow realistic implementation timescales.

Improve the clarity of contracts in retail markets

In general, our supply business constantly reviews its contracts and terms and conditions, as we are fully aware of our duties to customers to ensure clarity and transparency of the terms therein, and of following Ofgem's standards of conduct that sit over the licence framework to ensure customers are treated fairly and not misled. We have recently shared with Ofgem the work we have been doing to provide customers with user friendly tariff guides, jargon busters and terms and conditions. We are also updating the format of our annual statements following helpful feedback.

Ofgem introduced a new licence condition in 2010 in respect of micro businesses, to improve the clarity of terms and conditions for customers who may not have the resources available to larger operators. The product taken by these customers is straightforward and under a standard supply contract, usually for a fixed period. For larger customers, especially those for whom flexible contracts are available, the requirements can be quite complicated and detailed. Customers taking these products invariably have their own legal advice and therefore we would question the need to extend regulatory activity to other sectors of the market if that is the intention.

Ensure appropriate protections for small businesses and monitor their experience of operating in competitive energy markets

Ofgem and Consumer Focus have recently made enquiries about arrangements for the use of brokers in the small business market. Brokers are used by many customers to access the competitive market so it is important that arrangements work effectively for customers. If Ofgem decides that regulation is needed in this area of the market then it should be applied in an efficient and proportionate manner. We do not believe that applying measures vicariously through licence conditions on suppliers would pass these criteria.

Review longer term System Operator incentives

We are not wholly convinced by the desirability of longer term SO incentives at this time. Energy policy is focused on delivering large volumes of wind generation, which needs to be integrated onto the GB system. This has implications for the electricity SO, who will need to manage the effects of intermittency on balancing supply and demand; and the gas SO, who will need to manage the gas system to allow for flexible gas generation to provide back-up to intermittent generation. We believe that in developing the SO incentive schemes, the impact on National Grid's operational performance driven by the schemes needs to be the focus and the need to drive continuous improvements in performance lends itself to one-year schemes.

We note that Ofgem and National Grid are considering how to align the SO and TO incentives in the next Transmission Price Control. We feel that this is an important factor in ensuring that SO and TO activities occur in the most efficient manner.

Publish package of smart meters consumer protection proposals in response to early movers and to cover the early stages of the smart meter roll out

We support the development of the code of practice for smart meter installation. We would anticipate this to be wider than just the addition of smart communications. Broadly speaking we believe it best that smart metering is governed by codes and that licence conditions require accession to codes. This gives greater flexibility to adapt to a changing environment. This flexibility will be required so that lessons learned from customer experience in the rollout can be acted on, and the views of consumer advocates can be incorporated.

Assess the need for additional consumer protection in light of market developments such as Green Deal, energy services and tariffs, an increase in demand-side response and the growth of heat markets

Over the next two to three years, the above initiatives will be implemented. This along with smart meter roll-out is placing a significant delivery burden on suppliers. The need for any additional consumer protection must be based on demonstrable need, not just the possibility that it may be required. Consumer protection initiatives brought forward must be backed by a meaningful impact assessment to assist suppliers in understanding fully the ramifications of what is being proposed.

Protecting Vulnerable Consumers

Report on the experience of vulnerable consumers engaging in the market

The key development in 2011 will be the implementation of the Warm Homes Discount. We look to Ofgem to work constructively with suppliers to develop cost effective eligibility and verification criteria and monitoring requirements.

Continue monitoring of debt and disconnection, complaint handling and redress

We keenly await Ofgem's review of the social obligation statistics.

Suppliers continue to eschew disconnection wherever possible, use it only as the last resort and only in cases where there is no known vulnerability. However, while it remains useful as a deterrent, the incidence and quantum of personal debt generally will undoubtedly rise as inflation, compounded by an uncertain outlook for the economy, affect the living standards of all consumers, not just the fuel poor. Inevitably, this will be reflected in the cost of services that all of us will have to use for our everyday lives including energy.

Ofgem launched a formal investigation into suppliers' statutory complaints handling capabilities in August 2010. It would be helpful to see its findings.

Examine the distributional impacts of costs on consumers, including environmental schemes

This is a very important area as the move to a low carbon economy will entail significant investment by both suppliers and customers; with the latter, some clearly will be unable to afford the sums necessary to allow government to meet its international targets. Low carbon measures will put substantial upward pressure on energy prices, particularly electricity which is taking the central burden of decarbonisation. The extent to which these rises can be contained will depend on the success of energy efficiency measures under the Green Deal and the ECO. As regards the fuel poor, it seems likely that the potential for lower bills could be offset by 'comfort taking'; that is, those benefiting from energy efficiency measures may choose to realise instead the benefit of greater comfort through warmer homes, rather than savings on energy bills. Higher unit prices will not be so heavily offset by reduced consumption. This raises the possibility for a continuing need for discounted tariffs.

Work with DECC and others such as OFT to help inform policy thinking and approach to tackling issues affecting vulnerable consumers, especially given changes to consumer landscape

Suppliers have committed substantial sums to meeting their social obligations; in npower's case it will be more than £55m by the time the voluntary programme ends in March 2011. With the Warm Homes Discount, Green Deal and the ECO continuing suppliers' commitment to assist poorer consumers, it is important that the transition to these programmes is well managed to avoid any sudden shocks to suppliers and customers alike.

While we would expect the majority of the ECO to be targeted at fuel poor customers, we believe that there is merit in seeking to promote carbon efficiency across the entire housing stock. There is an imperative to do this if we are to meet our carbon objectives. We need therefore to retain the legislative flexibility in the provision of support. For example, there may be innovations which need initial support to achieve critical mass and public acceptance before they become suitable for the Green Deal.

Transparency and enforcement

Monitor retail and wholesale markets and take action using our enforcement powers where appropriate to protect consumers

Whilst expecting the regulator to monitor the energy markets and take enforcement action where appropriate, we would ask it to apply the principles of better regulation in carrying this out.

Publish quarterly energy supply market reports to provide transparency about the operation of the energy supply market

Ofgem's quarterly margins report has become a core part of the retail regulatory framework. It is widely cited by key stakeholders. As such, it is important that Ofgem should demonstrate that its components are robust. Given the development issues which have been pointed up by NERA's review of the modelling, we urge Ofgem to commit to transparency and an "open book" approach to the components, assumptions and data sources of the model. We would expect this to be one of the outputs of an updated model as part of the Retail Review.

Consider the implications of the Government's review of the consumer and competition landscape for Ofgem's duties and functions

We adhere to our view that the principle of competition where possible and regulation where necessary should apply, and further to that, look to clarity on the roles of Ofgem, Government departments and other Government agencies as well as clear and prioritised regulatory duties to avoid multiple regulation.

One issue on which there is unanimous agreement is that the current division of responsibilities is confused. We reiterate our analysis that the requirements of the EU Third Package may constrain the extent to which a simple division of responsibilities, whereby Government does policy and Ofgem does implementation, may be achievable. If we are right about this, then it will be even more important for Government and Ofgem to spell out carefully who is responsible for what.

Maintain our simplification agenda and work where possible within the spirit of the 'one in one out' principle to ensure that regulatory burdens on companies are no more than they need be to protect consumers

We welcome Ofgem's support for the principle of "one in one out" and look forward to Ofgem providing evidence and a performance indicator of how successfully it has implemented this target.

Build on Ofgem's Consumer First work, in particular:

- Improving the Ofgem website and call handling for consumers seeking advice
- Developing the challenge group model to support the new RIIO approach to consumer engagement
- Continuing our Consumer First panel that informs work across Ofgem

We support Ofgem's work to better understand what customers want from the market. Indeed, this is an important part of our own approach to customers. However, we believe there is scope for Ofgem to co-ordinate resulting workstreams more effectively with other representative consumer bodies.

Theme 4 - Ensuring the timely and efficient delivery of Government programmes for a sustainable energy sector

Subject to the outcome of DECC's 'delivery landscape review'. The administration, through E-Serve of the Government's environmental policies will:

- Administer existing programmes (RO, REGO, FiTs, CCL, NFFO, CERT, CESP) and monitor the energy companies to ensure they can demonstrate their compliance with regulatory regimes

- Launch and operate the Government's new RHI
- Bring biomass sustainability criteria into force for bioliquids used under RO, and develop requirements for biosolids and biogas

Given the increasing proliferation of these schemes, for example, with the introduction of the Renewable Heat Incentive, these duties should be carried out by those organisations best placed to do so. We are not convinced that sharing back office services with other regulators is the best solution.

- Start monitoring compliance with Government's Warm Home Discount scheme
- Begin designing administrative and compliance processes for the Energy Company Obligation (replaces CERT and CESP)

It is vital that suppliers are incentivised to deliver their obligations in as cost effective a way as possible. To this end, they need a clear framework in order to plan their programmes.

Ofgem's role in ensuring supplier delivery of the WHD and the ECO is important to help meet the government's targets. However, it is also important that the process of administering and monitoring these programmes is fully worked out and confirmed to suppliers with sufficient notice so that they can plan in an efficient manner. While appreciating that Ofgem needs to retain a degree of discretion in order to remain flexible, this has to be applied both reasonably and with sufficient notice. There have been a few instances in the CERT programme where unplanned last-minute changes to its administration have resulted in considerable uncertainty for suppliers and their planning processes. Unless used sparingly and well-signalled, this power can have a significant material impact on suppliers' expenditure.

- Apply learning and good practice standards to projects and programmes

We would trust that this approach is applied to all Ofgem's work.

Additional Comments

Given the present scale and pace of regulatory change, energy companies are dealing with a raft of proposals brought forward to deliver a range of policy objectives, within extremely challenging timescales. Examples include the Green Deal, Smart Metering, EU Third Package (e.g. change of supplier), Warm Homes Discount, additional information on bills (e.g. cheapest tariff) and advance price notification. These will have a significant impact on systems and processes and it is essential to fully recognise and effectively manage the associated impact and risks. The additional costs to suppliers / customers imposed by regulatory change must also be minimised, not least in the current economic climate and with upward pressure on bills due to social, environmental and energy security objectives.

We would urge policy makers and regulatory stakeholders to adhere to the following principles when bringing forward proposals that require business and IS change:

- Ensure that all policy proposals are subject to full impact assessment and adhere to the principles of good regulation (i.e. targeted, proportionate, efficient, etc);
- Ensure that businesses have early sight and clarity of both draft and final proposals and related licence conditions;
- Ensure that delivery timescales are realistic and fully accommodate the challenges and constraints of IS related change and the need for good planning;
- Provide businesses with flexibility / derogation where they are undertaking major system changes, in order to minimise the regulatory burden, costs and risks;
- A 2 year hiatus in bringing forward any further regulatory driven proposals that would impact suppliers' systems (i.e. 2013 at the earliest)