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24 February 2012

Ofgem's Forward Work Programme 2012 - 13

Dear Philip,

We welcome Ofgem's publication of its forward work programme for 2012-13, and believe that it is vital for Ofgem to continue to inform stakeholders of the activities it has planned.

We recognise that the document is published to meet a legal obligation, but believe it has value beyond that in terms of keeping stakeholders informed of Ofgem's intentions for the coming year. The tone of the document is therefore a little disappointing, as it suggests that Ofgem does not agree that this is the case. Similarly, the disclaimers in the introduction to the document devalue it. We understand that it is difficult to draft a definitive plan against a backdrop of major initiatives that are outside Ofgem's control, but there is still value in setting out the key areas that Ofgem intends to consider.

The Programme covers most of the areas that we would have expected to see, but there are two topics missing that we believe should be included.

Firstly, Ofgem has new responsibilities under Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (REMIT), and we are aware that work is already underway both with the British industry and European agencies. We would have expected to see this work reflected in the Forward Programme in terms of Ofgem's work with ACER on revised guidance to give greater clarity to companies on what is expected of them under REMIT, but also with regard to how Ofgem intends to approach its new financial regulation enforcement role.

The second significant omission is the issue of the difficulties faced by over a million customers connected to IGT networks. This issue is long standing, but despite being mentioned in several Ofgem plans over the last five years or so, it has still not been addressed, and does not even appear in the Forward Programme for 2012-13. Ofgem

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should make a serious commitment to review the arrangements for these customers during 2012-13.

Finally, the section on EU regulation (para 2.2) states that Ofgem will endeavour to 'make sure that new legislation enhances security and competitiveness of supply in Britain'. We support this, but believe Ofgem also has a responsibility to ensure that EU legislation sits comfortably alongside British legislation and regulation, and that the burden of overlapping and duplicated obligations on the industry is minimised.

I hope that these comments are useful, and would be happy to discuss them with you.

Yours sincerely,

Lesley Queripel
Regulatory Policy Manager