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Your Ref:
Our Ref:
Direct Dial: 020 7901 7194
Email: rachelfletcher.@ofgem.gov.uk

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Regulatory Ringfence Update

We have received a number of requests for an update on where we are on the changes to the regulatory ring fence that we consulted on in March 2011¹.

We considered the comments we received to that consultation and discussed with the Authority in October 2011 a set of proposals that were substantively the same as those set out in our consultation. The Authority agreed to all the proposals and considered that it would be best, taking into account the amount of work ongoing, to implement the changes with effect from April 2013 for all licence types, which would also coincide with the commencement of the first RIIO price controls.

Next Steps

The consultation included a set of proposed licence changes.² Our intention is to update the licence drafting to reflect some of the comments we received and to informally consult with network companies to improve the drafting as far as possible.

We would hope to contact companies in late April/May with updated drafting and then to issue a decision document with the updated licence drafting in June. Given the elapsed time since the last consultation we will seek comments on the licence drafting ahead of the statutory licence change consultation which we intend to issue in the autumn, with the provisions taking effect from April 2013.

I hope this provides you with the information you require. If you need more information please feel free to contact paul.darby@ofgem.gov.uk.

Yours Sincerely

Rachel Fletcher
Acting Senior Partner

¹ <http://www.ofgem.gov.uk/Networks/Policy/Documents1/Ring%20Fence%20Mods%20Consultation.pdf>

² <http://www.ofgem.gov.uk/Networks/Policy/Documents1/Ring%20Fence%20Consultation%20Appendices.pdf>