

The background features a large, stylized white arrow pointing right, overlaid on a blurred image of a modern building with a glass facade and a large, glowing light fixture. The overall color palette is dominated by blues, oranges, and whites.

# **Electricity settlement project: Way forward**

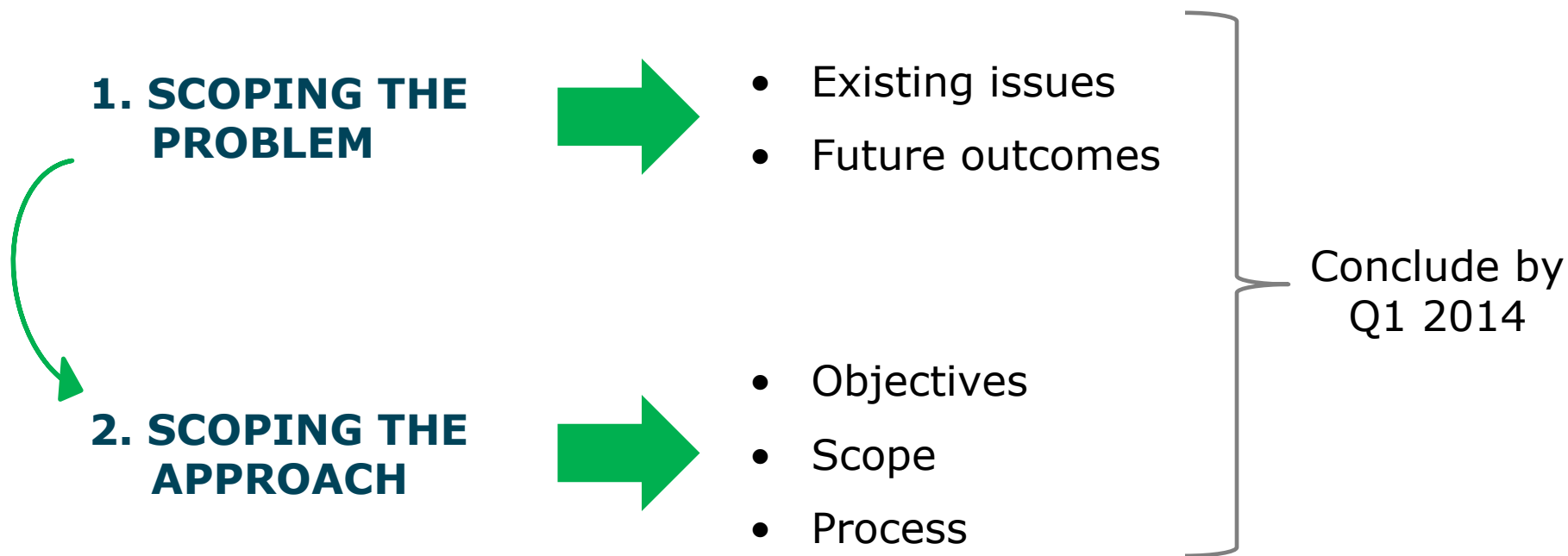
SMCG meeting  
16 May 2013

Jonathan Amos

## Background – open letter

- Our July 2012 work programme identified the electricity settlement arrangements as one of four priority areas of reform
- In this document, we committed to publishing an open letter on the way forward on settlement reform in Q1 2013
- Our work on settlement focuses on the Supplier Volume Allocation (SVA) arrangements
- To help inform our decision, we asked the BSC Panel to deliver a report on how it would develop and deliver reform
- We published our open letter (see [here](#)) in March 2013

## Way forward – scoping reform




**Our work will provide a robust platform for progressing any reforms**

## Why do we need to scope out reform?

**RISK 1.** Drivers of reform are not fully understood

**RISK 2.** Incentives of industry may not be sufficiently aligned with those of consumers



Reform does not deliver for consumers

**Ofgem is best placed to mitigate both risks by scoping reform**

# Opportunities to get involved in our work



## SET UP

- Explain our work & discuss approach to engagement
- Relevant forums & bilateral discussions

## APPROACH

- Workshop
- Discuss scope and objectives

## PROBLEM DEFINITION

- Bilateral discussions & workshop
- Identify existing issues and future outcomes

# Questions

## **We would welcome views on:**

- our planned approach to scoping out reform
- our proposed approach to engaging stakeholders in our work

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

*ofgem*

Promoting choice and value  
for all gas and electricity customers