

Simplification Plan 2013-14

Final decision

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Overview:

In all our work we need to consider whether the way we regulate is sufficiently transparent, accountable, proportionate, consistent and targeted.

To maintain our focus on these principles, we have to report annually on the progress we have made to remove unnecessary burdens. We do this in our Simplification Plan, which reports on progress and sets out what we'll do in the year ahead to reduce or remove burdens. This document is our eighth annual Simplification Plan.

Context

Ofgem's priority is to protect and make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future consumers. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.

The Energy Act 2004 made changes to our statutory duties, by introducing a new responsibility to have regard to best regulatory practice. In carrying out any of our functions, we must have regard to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases where action is needed. We must also have regard to any other principles which appear to us to represent best regulatory practice. In this document, we refer to all principles to which we have regard under this duty as the principles of better regulation.

The Regulatory Enforcement and Sanctions Act 2008 places a further duty on us in respect of our regulatory functions. This duty requires us to keep those functions under review and to secure that when we exercise those functions we do not impose or maintain burdens which we consider unnecessary. We are also required to publish an annual statement setting out what we propose to do to ensure that we do not impose or maintain unnecessary burdens. That annual statement is our Simplification Plan.

Associated documents

Simplification Plan 2012-13

<https://www.ofgem.gov.uk/ofgem-publications/37060/ofgem-simplification-planweb.pdf>

Forward Work Programme 2013-14

<https://www.ofgem.gov.uk/ofgem-publications/37130/forward-work-programme-2013-14.pdf>

Annual Report and Accounts 2012-13

<https://www.ofgem.gov.uk/ofgem-publications/74220/ofgem-arr-201213final.pdf>

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1. Introduction

Our better regulation duties

1. Better regulation is at the heart of our work. We actively consider whether the regulatory requirements we propose will help achieve our objectives in a way that is consistent with our duties to reduce burdens. We are legally required to keep our activities under review and to publish an annual statement on the progress we have made to reduce burdens that we consider have become unnecessary. That statement is our Simplification Plan.
2. This is our eighth annual Simplification Plan. Since the first Plan was published in 2006 we have:
 - Improved efficiency through consistent application of an RPI-3% cost control
 - Improved our engagement with the priorities of domestic and business consumers
 - Developed closer working with other EU regulators
 - Extended industry self-governance by improving the code framework
 - Brought greater consistency and clarity to our documents
 - Improved the efficiency of environmental programmes administration
 - Instigated design of the Smart Metering regime
 - Put in place the offshore tendering arrangements
 - Reviewed network regulatory reporting requirements.
3. A review of our previous Plans shows that we have avoided the temptation to focus on single-year quick-fix initiatives. Instead, we have tackled large-scale systemic reforms to industry governance, to price controls and retail markets, helping to reshape the energy sector and keep it fit for purpose. Throughout this work, our better regulation duties have remained a key driver of change.

Themes for 2013-14

4. This year we have decided to look at what we can achieve by focusing on key themes as well as individual initiatives. Our priorities are grouped under three strategic headings:
 - **Transparency**
 - **Improvements to forward planning**
 - **Accessible regulatory processes**

5. The aim of these themes is to build on our previous achievements and extend successful approaches to other areas of work. Section 2 sets out specific initiatives which we intend to take forward under these themes.

Progress on our 2012-13 commitments

6. In Section 3 we set out the progress we have made on the commitments in our Simplification Plan 2012-13. Those commitments demonstrate how we are delivering better regulation across our activities. Key initiatives such as the RIIO framework for network regulation and our Retail Market Review (RMR) include approaches which ease burdens, promote transparency and ensure that our regulation is proportionate.
7. Several of these initiatives were first set out in previous Simplification Plans. Similarly, a number of items covered in the progress report in Section 3 will be developed further through 2013-14. Many of our processes and reforms are necessarily long-term and this is reflected in the evolution of initiatives from one year's Plan to the next. We are committed to ensuring that our focus on better regulation remains clear and effective across the whole lifetime of our projects.

2. Our commitments for 2013-14

Transparency

Our Aim

We will operate in an even more open and engaging way

8. Transparency is the overarching theme of this Plan. It underpins our work on improvements to forward planning and making our processes easier to understand for stakeholders. We have already established firm progress in extending transparency, for example by publishing our Forward Work Programme and our moves to capture and make public more meaningful supplier performance data.
9. Identifying opportunities to be transparent will continue to be a significant part of our better regulation work. To give a strong message on this, we propose to publish a policy statement setting out our commitment to transparency wherever possible across our processes and activities. This will focus on our own openness, and may also indicate where we think there are opportunities to prompt greater transparency among the businesses we regulate. Our policy statement will draw on best practice among other regulators.
10. Alongside this, we are interested in finding ways in which we can make our consultation process more open and engaging. We also want to explore a mechanism to increase the visibility of our Simplification Plan. At present, drawing up the Plan is an annual event, where we issue a call for ideas and stakeholders respond. We think it should be possible to emphasise our commitment to better regulation in a more flexible and dynamic way.
11. As an initial step, we will put a standing call for ideas on our website, inviting better regulation suggestions. We will review these suggestions on a regular basis, reporting both through the website and in the Simplification Plan.
12. Another and more substantial option would be to establish an online tool that enables comments on existing or proposed regulations, to make it easier to comment and allow contributors to see what others have said on a real-time basis. The US government provides a website www.regulations.gov to enable comments on regulations and Defra has also experimented with enabling page-by-page comments on proposed guidance on its website. We will investigate whether it is possible to trial this approach, perhaps initially on a single piece of guidance.

13. Alongside this, we will establish a small group of expert advisers to contribute to our better regulation work. This group will challenge us to improve delivery of our better regulation duties and act as a critical friend on our progress towards burdens reduction. We will ensure that this group includes someone with experience of working in a regulated business.

Our Actions

We will publish a policy statement setting out our commitment to transparency wherever possible

We will encourage submission of better regulation ideas throughout the year, not just through the annual Simplification Plan process

We will investigate the possibility of a small scale trial of an online tool to enable comments on existing or proposed regulations

We will establish an expert group to inform our better regulation work

Improvements to forward planning

Our Aim

We will look at how we can better integrate our forward planning tools

14. Stakeholders have supported publication of our Forward Work Programme and deliverables, and our consultation schedule. In addition, the Simplification Plan provides an annual cycle of commitments and deliverables alongside corporate planning. We have also developed a new events calendar on our external website, to bring together information on working groups and consultation meetings, and we have made it easier for people to search online for details of past, current and future consultation papers.
15. We will take further steps to make it easier for stakeholders to plan how they engage with us. In part, this is to address concerns expressed to us, including in several consultations during 2013, that the usefulness of our extensive stakeholder engagement could be eroded if the way we consult creates excessive resource demands among stakeholders. We want to make sure that stakeholders can engage with us in effective, low-burden ways.
16. We will publish the agenda for every GEMA meeting in advance.

Our Actions

We will review our forward planning tools to ensure that they are sufficiently coordinated to provide stakeholders with effective advice on our activities

We will consider what other parts of our processes or activities might usefully be added to our forward planning tools. In particular, we will start to publish GEMA agendas in advance

Accessible regulatory processes

Our Aim

We will look at how we can improve the accessibility of our work

17. As part of our engagement with stakeholders, we publish a great many documents. Given the issues we deal with and the projects we undertake, these documents are often lengthy, and complex or technical. While detail can be essential to a proper understanding of the issues, we are aware that the approach taken in some cases isn't very user-friendly. We have undertaken work to improve how we draft our communications and we intend to build on this, through three key routes.
18. First, our Great Written Communication team (the team that delivers our internal writing programme) will review all the content we produce and make recommendations about what we need to do to communicate in a more user-friendly way. This review will include our training programmes and our processes for document commissioning, editing and sign-off.
19. Second, we will examine the requirements underpinning our document templates, to find out whether these requirements are shaping the content of documents in ways that might make them overly-long or complex. We want to enhance accessibility through improved document quality. When combined with improvements to our forward planning, we think this could present a real benefit to stakeholders.
20. Third, we will also explore how we can make better use of visualisation. This means looking at opportunities to replace text with graphics, charts, pictures or other visuals to make documents shorter, more accessible and compelling.
21. In summer 2013 we overhauled our external website. This provides a further opportunity to consider the accessibility of our documents, focused on whether they are badged and presented in consistent, helpful ways. We are aware that Defra and its regulators are undertaking a mapping exercise in order to reduce duplication and target documents at the most appropriate audiences.

22. We will explore the extent to which we could make use of similar approaches, to make our guidance more readily available and to ensure that users of our website can find what they need as quickly and simply as possible.

Our Actions

We will examine the requirements of our document templates, to assess whether any of those requirements has an adverse impact on the clarity or accessibility of the document contents

We will explore how we can make better use of visual presentation methods in our documents, to reduce length and make complex content more accessible

We will consider the feasibility of reviewing how guidance is presented on our website, including whether it would benefit stakeholders if we adopted a new way of badging and describing our guidance documents

Continuing areas of work from the 2012-13 Simplification Plan

23. As noted above, a number of the initiatives identified in our annual Simplification Plan have a continuing life beyond the 12 months of the Plan. In 2013-14 these include:
- The RPI-3% control on our costs
 - Our use of the RIIO framework for network regulation
 - Implementation of the Retail Market Review, which began formally in August 2013 and will be done in a staged way (reflecting the demands on suppliers and the need to inform consumers) over the period until June 2014
 - Use of our new Impact Assessment guidance
 - Further publication of data on supplier performance, in both the domestic and micro-business markets
 - New research on consumer attitudes, behaviour and experiences and continuing publication of underlying research data tables
 - A full review of the Guaranteed and Overall Standards of Performance
 - Improvements to the Confidence Code for switching sites, with a view to getting more services signed up and increasing consumer awareness
 - Continuing work on our Enforcement Review plus related work on compliance and penalties
 - Moves to ensure more consistent standards amongst non-domestic brokers, including the creation of an industry-wide code of practice.

3. Simplification Plan 2012-13 progress report

Improvement and delivery

24. Our Simplification Plan 2012-13 included fifteen initiatives, highlighting improvement and delivery across the whole range of our activities. The table below sets out what these initiatives are designed to achieve and the progress we have made.

Initiative	Commitment	Outcome
Efficiency		
Internal cost control for 2010-15	<p>In 2010 we made our second five-year commitment to an RPI-3% cost control regime, which means we have to achieve real-terms savings of 3% a year.</p> <p>We are on track to make savings of £12.5m over the cost control period.</p>	<p>The year to March 2013 is the third year of that commitment. So far, our planned savings add up to £6.3 million.</p>
E-Serve Process Improvement Programme (PIP)	<p>E-Serve's PIP looked across the whole range of E-Serve activity to identify and make recommendations for improvement in relation to delivery of effective end-to-end processes, management of risks, the way we learn lessons and identify opportunities for efficiencies.</p>	<p>PIP realised three main benefits:</p> <ul style="list-style-type: none"> • Better prepared for the future through more robust processes • Greater agility and better delivery – allowing E-Serve to respond to changing demands efficiently and effectively • Efficiency gains through process and productivity improvements <p>PIP also identified compliance improvement opportunities through detailed process analysis of its functions.</p>

		Working with DECC to make changes to input and reporting requirements, E-Serve was able to modify time-consuming or resource-intensive processes, to help suppliers achieve improved compliance.
Regulatory processes		
Consultation schedule	We publish a considerable number of consultations, so that stakeholders can help shape our proposals. To help stakeholders plan their input, we committed to publish a regular schedule of future consultations.	<p>Consultation forward look launched in early 2013, to positive stakeholder feedback.</p> <p>Since then we have redesigned our website to create an integrated section on past, current and future consultations. A list of upcoming consultations can now be viewed by selecting the 'Upcoming' filter on the Consultations page.</p>
Review of Information Request processes	We committed to review logging and sign-off arrangements for our Information Request processes, to ensure we make the most efficient use possible of information.	<p>We have conducted a review and engaged with stakeholders to test out the most effective way to meet this commitment.</p> <p>The key elements of our approach have been agreed. These include:</p> <ul style="list-style-type: none"> • Improved internal processes to capture and aggregate data on Information Requests • Publication of a policy statement on our collection and use of information, to address how requests are scrutinised and agreed, and to clarify how information gathered through requests influences our decisions • Reporting on our Information Request activity in an annual review. <p>We expect our improved processes to be in place by the end of 2013.</p>

<p>Revision of Impact Assessment guidance</p>	<p>Since the IA guidance was last revised in 2009 there have been changes to European and domestic law, and also to sustainability assessment methodologies. We said that we would review and if necessary update our IA guidance.</p>	<p>Successful consultation on revised guidance – thirty responses received from consumer groups, industry and the environmental community.</p> <p>Revised guidance due to be published early October.</p> <p>Implementation programme to ensure that Ofgem staff are skilled in use of new guidance.</p> <p>We have appointed Prof David Parker as our external IA reviewer, to provide annual scrutiny on operation of the guidance. Prof Parker is currently a member of the Regulatory Policy Committee.</p>
<p>Industry-facing regulation</p>		
<p>RIIO</p>	<p>The overriding objective of RIIO is to encourage energy network companies to play a full role in delivery of a sustainable energy sector, and to do so in a way that delivers value for money for existing and future consumers.</p> <p>RIIO reduces regulatory burden by:</p> <ul style="list-style-type: none"> • Increasing the length of price controls, reducing the need for more frequent reviews • Putting the onus on network companies to be a driver of their review outcome • Provide a fast-track mechanism for good performers to settle their price controls early 	<p>As reported in our Simplification Plan 2012-13 two companies were fast-tracked, with Final Proposals for those companies published in April 2012.</p> <p>In April 2013 price controls under RIIO-T1 and RIIO-GD1 came into effect, marking the start of around £30bn investment in Britain’s energy infrastructure.</p> <p>The RIIO-ED1 price control which will set the outputs that the 14 electricity Distribution Network Operators need to deliver for their consumers is due to take effect from 1 April 2015.</p>

<p>RMR – Standards of Conduct</p>	<p>As part of RMR, we propose to introduce legally binding Standards of Conduct that would govern energy suppliers’ (and their representatives’) interactions with consumers.</p>	<p>New Standards of Conduct came into force in August 2013 to ensure that energy suppliers treat consumers fairly.</p> <p>The introduction of these new enforceable rules is the first stage of our reforms to make the energy market simpler, clearer and fairer. The standards of conduct cover all interactions household suppliers have with consumers, from when they are marketing energy deals to them, to making amends when customers make a complaint about any aspect of their energy supply. There is a parallel, more narrowly focused set of Standards relating to the non-domestic market.</p>
<p>Code Governance Review 2</p>	<p>In April 2012 we announced our intention to undertake a second phase of the Code Governance Review. Our aim is to ensure more effective and efficient decision-making and to ensure long-term value for industry participants and consumers.</p>	<p>In March 2013 we published our Final Proposals under the second phase of the Code Governance Review.</p> <p>Licence changes to give effect to these proposals came into force in August.</p> <p>Our Final Proposals increased the ability for industry to take decisions on code changes itself, under self-governance processes. We also aligned certain code governance principles across the various industry codes, increasing consistency, accessibility and transparency in the code modification processes.</p>

Consumer-facing regulation		
<p>RMR – Billing information simplification</p>	<p>As part of our work on RMR we coordinated a series of stakeholder discussions. These looked at types of information provided to consumers on bills and other industry communications, and considered how best to communicate relevant information.</p>	<p>In June 2013 we published Final Proposals on domestic RMR.</p> <p>This includes proposals to introduce clearer information and new communication tools, such as the Tariff Comparison Rate (TCR), Personal Projection and Tariff Information Label (TIL). The package also covers our new rules to make routine communications more engaging and informative for consumers.</p> <p>Our proposals require suppliers to create a standard way of calculating Personal Projections of tariff costs and provide consumers with regular prompts on the cheapest tariffs for them, based on the range of tariffs provided by their current supplier.</p> <p>Our proposals for non-domestic consumers include:</p> <ul style="list-style-type: none"> • Extending existing safeguards to ensure clear contract terms for microbusinesses • All bills and statements for microbusinesses to clearly display the contract end date • Developing an industry-wide code of practice for energy brokers, to combat misleading information.
<p>Confidence Code</p>	<p>The Confidence Code accredits energy switching sites and is designed to encourage consumers to use these services by giving them confidence that sites’ recommendations can be relied on.</p>	<p>Responsibility for the Confidence Code transferred to Ofgem from Consumer Futures in March 2013.</p> <p>We have published a code of practice which sets out the requirements that comparison sites accredited under the Confidence</p>

		<p>Code must follow. The code of practice has nine headline requirements, including:</p> <ul style="list-style-type: none"> • the service provider must be independent and impartial • a price comparison provided to a consumer must list no less than ten of the cheapest tariffs available in the region where the consumer requires to be supplied • prices and comparisons must be accurate and state when they were last updated. <p>Review of the Confidence Code to identify potential improvements is ongoing.</p>
<p>Guaranteed and Overall Standards of Performance (GOSP)</p>	<p>Supplier Guaranteed Standards of Performance set the levels of service which must be achieved in areas such as appointments and meter disputes. Overall Standards of Performance set general levels of service which must be achieved across all domestic consumers.</p> <p>Both sets of standards have existed for a number of years and we undertook to review the extent to which they remain relevant.</p>	<p>In January 2013 we issued a call for evidence, to explore with stakeholders whether GOSP remain an effective tool for protecting consumers in the retail energy market.</p> <p>We have initiated a new project for in-depth consideration of possible changes to GOSP.</p>
<p>Smart Meter Installation Code of Practice (SMICOP)</p>	<p>SMICOP is a code of practice that suppliers will adhere to when installing smart meters in domestic and microbusiness premises. The code is underpinned by enforceable licence conditions, designed to encourage suppliers to take a holistic view when implementing protections.</p>	<p>We designated SMICOP for use by all domestic and microbusiness suppliers installing compliant smart metering systems from June 2013.</p> <p>SMICOP will be an important consumer protection measure during rollout of smart meters, setting rules and standards of conduct for suppliers.</p>

	<p>We have encouraged a self-regulatory approach to development of the code.</p>	
<p>Regulatory strategies</p>		
<p>Reputational Regulation</p>	<p>Publishing data on regulated businesses' performance can be an effective alternative to more traditional regulatory approaches, by allowing stakeholders to hold companies to account for their performance. Through work on RMR and elsewhere we have considered the scope and breadth of information we collect.</p>	<p>We have made progress to promote greater openness and data transparency among suppliers:</p> <ul style="list-style-type: none"> • detailed quarterly complaints data published on supplier websites by voluntary agreement [currently limited to Big Six] • quarterly performance league table on complaints maintained by Consumer Futures • quarterly social obligations reporting on debt and disconnection, and numbers of consumers on Priority Service Register • supplier performance on non-domestic back-billing (ad-hoc, potentially annual) • network company performance in relation to stakeholder engagement – score translates into a financial reward under RIIO framework • Network Discretionary Reward Schemes – money available through price control for network operators to undertake activity for wider consumer, social or environmental activities, outside their core business e.g. carbon monoxide awareness. <p>The Joint Regulators Group consumer working group, chaired by Ofgem, will publish a paper on reputational regulation this autumn.</p>

<p>Publishing quantitative data</p>	<p>We undertake a considerable amount of consumer research every year. Each piece of research that involves a quantitative aspect includes a consumer survey, which we compile into datasets. We analyse those datasets, to understand relationships between variables (for example, consumers being online, consumers who have switched supplier) which relate to our policy objectives.</p> <p>While we publish reports on this research, we have tended not to publish underlying data in full. We undertook to move towards publication of all underlying quantitative consumer research data in an accessible format.</p>	<p>We have published over 20 datasets, amounting to many thousands of pages of data, and will continue to take this approach..</p> <p>Publishing the datasets allows stakeholders to interrogate our analysis by running the numbers themselves. This makes our research work more transparent. It also allows our research to underpin wider study of the energy market.</p>
<p>Enforcement Review</p>	<p>We are reviewing our Enforcement Guidelines and approach to consider:</p> <ul style="list-style-type: none"> • Options for swifter enforcement action or quicker investigations • Our communications regarding enforcement activities • Ensuring best use of resources • Alternative methods of regulation, for example placing greater emphasis on compliance. 	<p>The first phase of the Enforcement Review was completed in June 2012 with publication of our updated Enforcement Guidelines on Complaints and Investigations. Since then, we have progressed the second phase of the review with a deeper look at policies and procedures. We commissioned KPMG to look at our internal decision-making processes and we are currently implementing a number of their recommendations aimed at increasing our efficiency.</p> <p>We obtained a broad range of views from interested parties on the impact and efficiency of our enforcement work, including our approach to penalties and redress, through March and April 2013.</p>

In the third phase of the Enforcement Review, we are taking forward changes and will be consulting separately on resulting updates to our published Guidelines and penalty policy. We held our first enforcement conference, with regulated businesses and consumer groups, in September 2013.

Better regulation in our wider work

25. Our focus on ensuring better regulation is not limited to the commitments in the Simplification Plan. We aim to make sure that burdens reduction runs through everything we do.

Smarter Markets Programme

26. The roll-out of smart metering presents an opportunity to simplify retail energy markets and make them work better for consumers. However, this will require complementary changes to the arrangements that govern how industry participants interact with each other and consumers. We are helping to drive the necessary reforms through the Smarter Markets Programme.
27. Following consultation with stakeholders, last July we published a work programme setting out four priority areas of reform¹. These areas are:
- **Change of supplier** – The development of a fast, reliable and cost-effective change of supplier process, which will facilitate competition and build consumer confidence. We have undertaken consumer research to test consumers' requirements for an improved transfer process. We have also set up a Change of Supplier Expert Group comprising experts from across the industry to test the potential scope and scale of reform in this area. We intend to publish a consultation in this area in early 2014.
 - **Electricity settlement** – The development of settlement arrangements that use smart metering data to allocate energy in an accurate, timely and cost-effective way. In March 2013 we published an open letter setting out the way forward on reform of electricity settlement arrangements. We are currently in

¹ Promoting smarter energy markets: a work programme – Ofgem, 31 July 2012
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=52&refer=Markets/sm/strategy>

the process of scoping out the problem. This may require reform of existing arrangements and we need to consider how best to address this. Depending on how our scoping work progresses, we will consider publishing a consultation later this year to seek views on our initial conclusions on the problem and next steps.

- **Demand-side response** – A market environment that supports the efficient, system-wide use of demand-side response. In April 2013 we published a consultation seeking stakeholder views on whether current regulatory and commercial arrangements are fit for purpose or may in some way constrain the development of demand-side response². We received 46 responses. Informed by these responses, we will identify whether further work is required in addition to that already being progressed across Ofgem, industry and government.
- **Consumer empowerment and protection** – Regulatory arrangements that empower and protect consumers to participate effectively in smarter retail energy markets. To build our evidence base, a workshop was held earlier this year to collect stakeholders' views on the risks and opportunities for the consumer from the deployment of smart meters. The next step is the publication of a consultation paper in December 2013.

28. These priority areas are now being progressed as the first projects in the Smarter Markets Programme. The Smarter Markets Programme will run over a number of years and is our way of managing the links between these projects, both in terms of the potential benefits that can be realised and how the necessary reforms are designed and implemented.

Wholesale power market liquidity reform

29. Our liquidity project seeks to ensure that the wholesale electricity market supports effective competition, delivering benefits to consumers in terms of downward pressure on bills, greater choice and better service. We are concerned that poor liquidity in the wholesale electricity market is posing a barrier to effective competition, thereby preventing consumers from fully realising the benefits of competition. While we have seen some recent improvements, particularly in near-term markets, this progress has been insufficient. We have published our Final Proposals for a 'Secure and Promote' licence condition.
30. In developing these proposals, we rejected intervention in the near-term markets. Our decision not to intervene in these markets was based on a better regulation analysis of costs and burdens, and the possible impact of unintended consequences.
31. We took the view that regulations entailing costs and burdens to business should only be imposed where there is a clear case for protection. For near-

² Creating the right environment for demand-side response – Ofgem, 30 April 2013
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=1&refer=Markets/sm/strategy/dsr>

term markets, costs of intervention were comparatively high and the possible impacts of unintended consequences too great. This led us to conclude that a better regulation approach was not to intervene but continue to monitor liquidity in near-term markets.

Offshore transmission guidance for cost assessment

32. Offshore transmission plays an integral part in attaining government's target to provide 15% of UK energy needs from renewable sources by 2020. Efficient delivery of transmission assets for offshore wind energy projects forms a core part of the strategy for reaching this objective in the most cost effective manner. Working with DECC we have developed a regulatory regime for the construction and operation of offshore transmission assets to facilitate this objective.
33. In December 2012 we published guidance on the general cost assessment process that we follow for qualifying projects in the transitional tender rounds for offshore electricity transmission. The guidance describes our approach for determining the economic and efficient costs of offshore transmission assets during this process. It provides developers of offshore transmission assets with an overview of the current process and the information we expect to be provided with before costs can be included in the assessed transfer value of the offshore transmission assets.
34. The guidance brings together in one document a clear description of the purpose of offshore transmission cost assessment, detail on the approach we use for assessing costs, and sets out in an accessible format parallels between stages in cost assessment and the offshore tender process. The guidance draws on lessons learned in assessing the indicative transfer value and final transfer value of projects in transitional tender rounds 1 and 2 and explains how we intend to apply this approach for generator build projects going forward into the enduring regime. As such, the guidance gives as much assurance as possible at this time about our future approach.

Appendix: Simplification Plan 2013-14 summary of stakeholder submissions

Our consultation

1.1. We issued a consultation letter on 3 July 2013³ to gather views on content for our Simplification Plan 2013-14. The letter asked for contributions to shape ideas that we might adopt to help our regulation be more proportionate, consistent, accountable, transparent and targeted. We encouraged stakeholders to share with us what had worked well in other organisations, sectors or countries. To help start the conversation we especially asked for ideas based around three main themes:

- Improvements to forward planning
- Accessible regulatory processes
- Transparency

1.2. The stated aim of these themes is to build on the previous year's Simplification Plan and to extend successful approaches to other areas of our work. The letter made clear that anything included in the Plan should further the principles of better regulation and must be deliverable by Ofgem. The consultation closed on 27 August.

1.3. We received nine submissions from the following respondents:

- British Gas
- Consumer Futures
- EDF Energy
- Energy Networks Association
- Energy UK
- Good Energy
- National Grid

³ Consultation on Simplification Plan 2013-14
<https://www.ofgem.gov.uk/publications-and-updates/consultation-simplification-plan-2013-14>

- UKPN
- Xoserve

1.4. This document summarises key points from those responses and demonstrates where stakeholder views are reflected in the Plan.

Stakeholder responses

- 1.5. Overall, respondents were supportive of our choice of themes. There was particular welcome for the emphasis on transparency and on initiatives which make it more straightforward for stakeholders to plan their engagement with us. There was also encouragement to align our better regulation activities more explicitly with government better regulation initiatives. Alongside this, respondents suggested better accessibility of guidance, linking our transparency agenda to enhanced availability and presentation of documents to improve their usefulness.
- 1.6. Respondents' views are reflected in the Simplification Plan. We have taken on board support for transparency both of our forward planning and our products, for example by proposing greater alignment of our forward planning tools and a project to examine new ways of badging and describing our guidance documents. We intend to investigate the feasibility of developing an online tool to allow comments on regulations, again picking up stakeholder support for greater accessibility.
- 1.7. We will also issue a policy statement on our commitment to transparency, to set out our position on openness across our work. This will form a companion document to our forthcoming policy statement on use of information, which is one of the outputs from the Information Request review.
- 1.8. The responses we received were generally detailed and included a number of suggestions for potential changes, across a broad range of our activities. Many of these suggestions related to areas where work is already ongoing, such as the Enforcement Review, RMR, complaints information, and our approach to Information Requests. Some suggestions were outside the scope of the Simplification Plan, for example support for a specific code modification or issues which stakeholders should take forward with DECC.
- 1.9. Where specific points have been raised about existing policies these are being fed in to relevant teams. It is important to reiterate, however, that we cannot use the Simplification Plan to revisit positions which have already been settled in other areas, or where an overarching policy objective requires particular outcomes. One respondent commented that our regulatory processes could take a more tailored approach to smaller organisations. We will give this further consideration.
- 1.10. One commitment we have included is to improve the Simplification Plan process by investigating ways to collect comments year-round instead of on



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an annual basis. We will announce any developments in relation to this on our website and provide progress reports on all our initiatives in next year's Simplification Plan.