

Transparency of Ofgem data – A Statement of our Policy

Policy Statement

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Overview:

In all our activities we have a legal responsibility to have regard to best regulatory practice, including the need to be transparent, accountable, proportionate, consistent and target our resources only where action is needed. Our Simplification Plan 2013-14 has transparency as its overarching theme and commits us to publish a policy statement on how we intend to deliver transparency wherever possible across our processes and activities. This document is our policy statement on transparency.

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 delivery of government schemes.

We operate within a legal framework determined by the UK government and the European Union. The Gas Act 1986 and the Electricity Act 1989 requires us to act in the manner best calculated to protect the interests of existing and future consumers. We have a duty to have regard to various matters when we carry out our activities including the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases where action is needed.

The Regulatory Enforcement and Sanctions Act 2008 places a further duty on us to keep our functions under review and ensure that we do not impose or maintain unnecessary burdens. We are required to publish an annual Simplification Plan, to set out what we propose to do to meet this duty.

We have made progress to open up our activities and decision making, increasing the amount of information we publish about our organisation and improving the accessibility of that information. In our Simplification Plan 2013-14 we challenged ourselves to do more. In particular, we undertook to publish a policy statement setting out our commitment to transparency wherever possible across our processes and activities. This document delivers that commitment.

In parallel with our focus on greater organisational transparency, we have also promoted increased openness among the businesses we regulate, as part of our principal objective to protect the interests of consumers. This policy statement is mainly about how we will make our information more readily available. It refers to the transparency of energy businesses in context of our approach to regulation and where there are links between our data and that of regulated bodies.

Associated documents

Simplification Plan 2013-14 <https://www.ofgem.gov.uk/ofgem-publications/83518/simplificationplan201314final.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>

Foreword

We are accountable to Parliament and to our stakeholders for the way we act and the decisions we take to deliver sound and effective regulation of our sector. In energy, our approach is constantly evolving to meet some of the most crucial challenges that face any regulator. Difficult decisions are often needed, including in areas where there is less certainty than we would like. Consumers, government and industry have significant interests in the outcome of those decisions. I believe that puts a clear duty on us to make sure that our decision making and its impact on future choices is open to scrutiny by those who rely on our work.

To help deliver that credibility and assurance we should be open in what we do. Open to discussion, open to challenge and open about how we reach our decisions. Greater transparency in how we operate has potential to deliver real benefits for consumers, to build understanding and enable more informed engagement with the sector. This policy statement is the next step in development of our approach to transparency. It sets the strategic direction for our aspiration to make public more of what we do.

I am pleased with the progress we have already made to achieve transparency but I know that more can be done. That is what I am committed to and this document sets out how we intend to make that commitment effective. In this statement we highlight examples of the broad range of initiatives we already have in place, describe how we collect and use information and set out our commitment to publish what we can in relation to how we operate, where this is consistent with our duties. To reinforce this commitment we identify specific areas of our work where we intend to extend disclosure. I see this as part of our ongoing drive towards greater openness.

Transparency is not always easy or comfortable and nor should it be. We expect the businesses we regulate to be open with their customers and our stakeholders are right to expect the same of us. We should be consistent ourselves with what we require of others. I am confident that we can meet the challenge of transparency and, in doing so, become better equipped to meet the challenges facing the energy sector.

David Gray
Chairman

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Executive Summary

Commitment to transparency shows that an organisation is confident in itself and aims to build confidence among its stakeholders. For Ofgem, transparency is an important part of our statutory duties and a core governance principle to support the predictable, authoritative decision making which is key to independent economic regulation. We recognise that transparency offers a route to strengthened accountability and provides important regulatory benefits:

- To assure market participants and investors of our commitment to clear, predictable rules and requirements
- To build legitimacy by enabling better understanding of the uncertainties and trade-offs that inform decision making
- To support our own reporting and improvement, by demonstration of reasoned processes and willingness to learn

We have made significant progress to better and more open presentation of our data. We have also done much to embed transparency in our key regulatory initiatives including RIIO and RMR, as well as promoting improvements to industry self-governance and developing an active approach to reputational regulation in the sector. Given the wide scope of these achievements, our Simplification Plan commitment recognises the need for a strategic approach to openness, to maintain our existing transparency and develop ways to identify additional areas where we might be more open. This policy statement:

- Sets out our approach to transparency
- Suggests how we might identify where we can be more open
- Reviews our progress on reputational regulation
- Describes how we gather and use information from companies. This includes our approach to Information Requests

We have framed this statement in a wider discussion of why transparency matters and why, for regulators especially, transparency must be considered in relation to risk. Risks can arise both from lack of transparency and from an approach which does not fully reflect commercial realities or anticipate the consequences of making information available. Regulatory independence is balanced by responsibility. Greater openness encourages stakeholder participation which is a key component of well-informed, independent decision making. The responsibilities of regulated bodies and the need to ensure stable markets are significant factors in that decision making. As part of our consideration of where transparency can usefully be extended we need to take account of potential impacts, including any implications for organisational or sectoral risk.

We are interested in stakeholder views on this policy statement. Please send any comments to Mark Wagstaff, Better Regulation Manager
mark.wagstaff@ofgem.gov.uk

1. Our approach to transparency

Chapter Summary

This chapter sets out what we mean by transparency, why it is important to how we regulate and presents an overview of our current approach.

How transparency supports regulation

1.1. Organisations in many sectors of the economy and in many parts of the world are increasingly recognising the value of transparency to build trust, increase confidence and enable stakeholders to work with them in more open and collaborative ways. Many public bodies have statutory duties of transparency and for regulators in particular, transparency can assure consumers and other stakeholders that they are delivering their responsibilities with vigilance and rigor.

1.2. Research by the Public-Private Infrastructure Advisory Facility (PPIAF), a multilateral government initiative working with the World Bank¹, highlights different approaches to transparency across regulatory governance models. The report concludes that the 'regulation by agency' model developed in the UK sets a benchmark for transparency in utility regulation.

1.3. Development of the UK model of independent economic regulation has focused on key decision making in areas involving often difficult trade-offs, such as social and environmental concerns, and security of supply. This model has also brought increased focus on the contractual rights of individuals and businesses as consumers. To provide assurance of the effectiveness and impartiality of regulation in these crucial decisions, regulators have delivered:

- greater openness on rules and methodologies
- more inclusive consumer participation
- increased justification and reporting of decisions

1.4. Providing information and explanation to consumers and market participants can strengthen regulatory accountability, enable better informed choice and provide routes to engagement that can support innovation. Openness on rules, rule making and methodologies underpinning analysis help assure stakeholders that regulation

¹ <http://www.ppiaf.org/sites/ppiaf.org/files/publication/Gridlines-11-How%20to%20Improve%20Regulatory%20Transparency%20-%20L.Bertolini.pdf>

provides a stable and objective environment, providing confidence for long term investment. Clarity on requirements helps locate regulation within the broader policy context so that priorities and objectives are clear.

1.5. Transparency also supports more inclusive engagement with consumers and can encourage consumer participation in decision making. In our Simplification Plan 2013-14 we commit to make our regulatory processes more accessible and to - explore new ways for stakeholders to engage with us. We will continue to develop these initiatives to deliver our commitment to transparency.

1.6. High quality engagement also supports strengthened accountability by regulators. This can include open discussion of draft regulatory decisions and clear, relevant justifications of final proposals. Better reporting addresses the accountability of decision making when setting rules and standards, the transparency of controls exercised to enable and enforce those rules, and the openness of feedback processes on the impacts of regulatory interventions.

1.7. Our discussion of transparency in this statement addresses our current and proposed actions in context of the aspects of transparency set out in paragraph 1.2 above.

Our current initiatives

1.8. In recent years we have strengthened transparency in our work, including through publishing more information about our processes and decision making, and also by making the information we publish clearer and more accessible.

Work area	What we do
Statutory accountability	We have delivered our statutory duties on corporate reporting by ensuring that our annual reports, forward work programme, key deliverables and performance indicators are readily available in a clearly labelled and easy to navigate area of our website.
Our costs	In line with government expectations, we publish data on our expenditure, payments to suppliers and audit arrangements. Our annual accounts break down our operating costs by activity, making it easy to understand how our priorities influence our spending. We are transparent about our income and deliver value in regulation through our RPI-3% cost control, which contains costs by

	requiring us to achieve efficiencies on an ongoing basis.
Our governance	Our website has a dedicated section on the work of our governing body, the Gas and Electricity Markets Authority (the Authority). We publish minutes from Authority meetings, and an early deliverable from our Simplification Plan 2013-14 is advance publication of Authority agendas, which started from the November 2013 meeting.
Enforcement	We publish a wide range of information about our enforcement activities. Details of how we use our statutory powers, and our investigation and decision making processes are available on our website. Our website includes decision notices and closure statements for investigations since 2009. Overall our enforcement activities support greater openness by bringing to light and challenging poor behaviour, to provide credible deterrence and enable consumers to make informed choices.
Impact assessment	We have a duty to undertake impact assessments (or publish a statement on why we consider an impact assessment is unnecessary) where we propose to act in connection with our functions under Part 1 of the Gas Act 1986 or Part 1 of the Electricity Act 1989 and it appears to us that the proposal is 'important' as defined in statute. Our revised impact assessment guidance, which went live in October 2013, is focused on an open and iterative approach to improve our analysis through a clear demonstration of the factors considered for each option we propose. We have also aimed to make clearer when we will and will not undertake impact assessments.
Consumer research	We involve thousands of consumers in our work through surveys, workshops and our extensive programme of consumer research, to support our policy development and enhance understanding of consumer experience in the sector. Our recent research reports include work on perceptions of Green Tariffs, microbusiness backbilling data and innovative work on the characteristics that drive variations in usage. To support these reports and enhance their usefulness we publish datasets so that researchers can examine how we reach our findings. This includes data on complaints handling, consumer views of price comparison

	guides, and work on engagement with the energy market.
Involvement in our processes	We have established direct stakeholder input into our regulatory processes. The Consumer Challenge Group acts as a critical friend to help ensure that price control settlements are in the best interests of existing and future consumers. To encourage companies to engage proactively with stakeholders, we have made discretionary funding available for social and wider purposes, with funding decisions decided by panels of independent experts. Panel decisions are published on our website.
Environmental programmes	To improve management of the environmental programmes that we deliver on behalf of government, Ofgem E-Serve has undertaken a process improvement programme which included development of more consistent and robust processes to support supplier compliance. This has enabled us to enhance stakeholder confidence and trust in our service delivery.

1.9. Throughout our activities, we aim to strengthen transparency and explore new opportunities to be more open about what we do. In the next chapter we look at how we might identify and deliver on these opportunities.

Stakeholder feedback on our transparency

1.10. Our approach to consultation provides stakeholders with many opportunities to influence and challenge our work. We want to ensure that the development of our transparency agenda benefits from the same opportunities. Our Simplification Plan 2013-14 contains a commitment to explore how to seek feedback in a more flexible and dynamic way. This could be by enabling our website to capture comments or suggestions on our work. We will continue to look at options for this.

1.11. We want to make sure that our approach to transparency is meaningful and useful to our stakeholders and, wherever possible, is responsive to calls for improved disclosure. In due course, we will examine how our website could assist this. More immediately, any comments on this policy statement or any suggestions for more of our information which we could consider for publication should be sent to Mark Wagstaff, Better Regulation Manager mark.wagstaff@ofgem.gov.uk

1.12. We will report on comments and ideas received in our Simplification Plan.

2. Developing our approach

Chapter Summary

In this chapter we explore how we might develop our approach and discuss how to identify what we can and cannot disclose.

Our commitment to openness

2.1. We aim to publish what we can in relation to how we operate, where this is consistent with our duties and supports our principal objective to protect the interests of existing and future consumers. We take the view that where publication of information would promote the interests of consumers, it will generally be permissible for us to publish that information, subject to consideration of legal and other constraints.

2.2. However, simply to publish information does not necessarily enhance transparency. Information can be complex or technical and, often, information about our processes will link to information about regulated businesses, which may be confidential or market sensitive. We also understand that many stakeholders will not receive information directly from us, but will use data presented by media channels or consumer organisations.

2.3. This means that our aspiration to publish what we can is influenced by three factors:

- How information is made meaningful to stakeholders
- Interactions between information we produce and information provided to us by regulated businesses
- Ways in which information is filtered and interpreted by third parties

Explaining our work

2.4. We will consider how best to approach transparency in relation to the information we are considering publishing. This includes any additional interpretation or context we might need to produce, to ensure that anything we publish is meaningful to stakeholders and demonstrably promotes the interests of consumers. Our regulation is a system of interlinked requirements and our decision making will often need to take account of developments in other parts of the regulatory framework. We will ensure that any information we make available reflects this. Explaining our work might be as straightforward as providing relevant web links, or could involve developing additional material to clarify the context for information we publish.

Our information and industry data

2.5. Information about our processes and decisions might derive from or refer to data and other material supplied to us by regulated businesses. Some of this data could be commercially confidential and publication might be detrimental to consumers, for example if it enabled price coordination or led to distortions in markets. Some data may be subject to constraints on use or onward disclosure. Redaction of our information to remove or anonymise industry data could leave the remaining material of little use.

2.6. We need to address this issue. We will continue to consider carefully our statutory obligations (including the Freedom of Information Act 2000) and any restrictions on publication² before taking any decision to publish information. We will also ensure that redaction and interpretation of data work together so that, for example, where we cannot publish information we might be able to provide a summary, or at least indicate how we use the redacted data. We will adopt a proportionate approach to our disclosures. If redaction would be overly-burdensome or would result in publication of information of little value we will follow the approach outlined above and summarise or explain the unpublished material.

Clear and useful communication

2.7. Consumers and other stakeholders may not engage directly with information we publish, preferring to rely on media channels, social networks, consumer advocates and trade bodies to assist their interactions with energy markets. We want to enable stakeholders to receive information in ways that best suit them, while doing as much as we can to ensure that information is not misunderstood or misused.

2.8. We think that consumers should be able to trust the information they receive and benefit from transparency to make confident decisions. While we cannot always control how information we publish is used, we will continue to develop our approach to ensure that all information we publish is clear and useful with an emphasis on key messages. Again, this might mean provision of summary information where the underlying data is complex or requires detailed interpretation to be widely meaningful.

2.9. As an initial step, we will review how best our website might help enhance our work on transparency and whether more might be done to signpost or aggregate data that includes disclosure about our processes and decision making. We will work to strengthen approaches that ensure clarity in how information is presented for consumers.

² For example, section 105 of the Utilities Act 2000

Extending disclosure

2.10. It is not possible to provide a definitive list of what we do and do not intend to publish looking across all of our activities and processes. A default approach where we publish everything we are able to would be costly and the need for interpretation could potentially be disproportionate to any benefit to consumers. This is why our preference is to identify additional categories of information for publication.

2.11. As an initial step, we propose to publish more information on the four specific categories of data described in the table below. Any extension to categories of information which we routinely publish is subject to consideration in relation to our legal obligations and inevitably there may be items within these categories which we cannot disclose.

2.12. At either end of the spectrum, it may be relatively straightforward to identify information that is clearly publishable and information which cannot easily be disclosed. Greater consideration is likely to be needed of information between these extremes and this is where we need to pinpoint areas of particular benefit to consumers. The table below indicates the range of factors we may need to consider. These focus on benefits to consumers. There may be benefits to other stakeholders, for example business or government. However any disclosure has to be consistent with our principal objective.

Example	Indicative assessment	Costs (estimate only)	Benefits to consumers (estimate only)
Schedule of upcoming research	Publishable	Low <ul style="list-style-type: none">– information easy to find and collate– small requirement for contextual material	High <ul style="list-style-type: none">– gives third parties insight on our policy interests– some direct consumer involvement
Ofgem business performance metrics	Mostly publishable	Low <ul style="list-style-type: none">– information easy to find and collate– must be contextualised and some data may need	High <ul style="list-style-type: none">– supports existing corporate reporting– assurance of focus on efficient delivery

Example	Indicative assessment	Costs (estimate only)	Benefits to consumers (estimate only)
		redaction	
Data underlying cost benefit analysis modelling	Some publishable	Moderate <ul style="list-style-type: none"> – redact to ensure no exposure of commercial confidential data – interpretation needed 	High <ul style="list-style-type: none"> – supports third party research and analysis – clear and consistent evidence base for decision making
Data on complaints against Ofgem	Publishable	Low <ul style="list-style-type: none"> – data on numbers and outcomes readily available – may need some redaction 	Moderate <ul style="list-style-type: none"> – doing what we expect of others – additional assurance on scrutiny of processes

Release of modelling data

2.13. All the areas we intend to focus on potentially have complexities and we are aware that publication of data underlying cost benefit analysis modelling is likely to be the most challenging work to take forward. In particular, we need to consider two important aspects:

- The presence within models of commercial confidential data and whether presumptions of confidentiality should be revisited over time
- The use of proprietary methodologies and intellectual property ownership

2.14. For archived data our general approach will be to follow the same requirements that apply to requests under FOIA. Our approach to transparency cannot include commitments that entail disproportionate resource demands, as we

need to balance openness with effective targeting of resources. It is clear that commercial confidentiality can be time critical and material may become more readily publishable over time. We will consider the scope to address modelling which relies on historic confidential data, but we need fully to understand any resource implications which might arise.

2.15. As noted above, the distinction between data we produce and data we receive from business is not always clear-cut, for example where external data is reanalysed to develop modelling assumptions. Arguably, where characteristics of data are changed the resulting analysis is wholly our product. However, we are bound by statutory constraints on disclosure and by the need to act consistently with our duties. We will consider those factors closely, where there is uncertainty about data ownership or the potential implications of releasing data.

2.16. Some of the models we use contain data from third party consultants or operate using proprietary methodologies. There may be contractual obligations in relation to these models and we are alert to the requirements of copyright and intellectual property law. We have commenced work to consider how we commission modelling and will look to consider how we can balance the rights of third party data owners with our approach to transparency.

3. Business transparency and reputational regulation

Chapter Summary

This chapter briefly reviews how we use transparency to deliver regulation, through release of information by and about regulated businesses.

Regulated business performance data

3.1. Businesses hold substantial amounts of information for their own management purposes. Some of this information will appear in annual reports or disclosures required by law, and investors may take an active interest in how companies earn income and use their resources. However, much company data is not routinely made public. Sectoral regulators may also hold a substantial amount of data about company performance and some companies with wide interests may report data to more than one regulator or in multiple jurisdictions. Some of this data is commercially confidential or market sensitive, but some could be released.

3.2. Across regulated sectors there is acknowledgment that publishing data about company business performance can be a useful tool in design of incentive mechanisms to set performance benchmarks, improve consumer choice and raise standards overall. This supports the aspiration that, especially in markets where structural constraints may impinge on choice and innovation, government and regulators should promote responsible corporate behaviour.

3.3. As companies increasingly use Big Data techniques in product and service design to enhance consumer experience, regulators are more frequently engaged in reputational regulation through publication of data about companies. The transparency achieved by reputational regulation can empower researchers and consumer advocates to add value by examining company performance through more variables and at more finely-grained levels. This can improve consumer choice and regulatory decision making.

Transparency as a regulatory tool

3.4. We use transparency to deliver regulation, through release of information about businesses and also in the requirements we place on businesses to release information about their activities. Information that we release about the sector includes:

- Social Obligations Reporting on debt and disconnection, and the number of consumers on the priority services register maintained by suppliers
- Non-domestic backbilling data and supplier performance
- Stakeholder Engagement Panel assessments of company performance, for access to discretionary funding
- Network Discretionary Reward Schemes assessments, for access to discretionary funding

3.5. We require companies to be transparent about:

- Business planning – the RIIO framework puts the onus on companies to deliver a well-justified business plan which we assess against published criteria
- Consumer bills and other communications – as part of the Retail Market Review we require suppliers to create a standard way to calculate personal projections of tariff costs and provide regular prompts to consumers on tariffs
- Complaints handling – detailed data on numbers of complaints received, resolution times and leading issues

3.6. We have also brought forward proposals in other areas where transparency can deliver enhanced benefits for consumers:

- Energy company profits – our package of measures includes more detailed breakdowns of costs in segmental statements, and more clarity on trading activities and transfer pricing methodologies
- Wholesale market liquidity – we aim to improve market access for independent suppliers by requiring the largest generating companies to follow new rules including around fair and transparent pricing

3.7. We recognise that any work we undertake to encourage greater transparency among market participants has interactions with our own transparency.

Wider market transparency requirements

3.8. The sector is subject to wider market transparency requirements. At European level, transparency in electricity and gas market information has improved significantly in recent years under the Third Package (requirements for electricity

undertakings are contained in Regulation 714/2009, in Directive 2009/72/EC and in Regulation 543/2013 (the Transparency Regulation) amending Regulation 714/2009 and requirements for gas undertakings are contained in Regulation 715/2009 and in Directive 2009/73/EC) and in Regulation 1227/2011 on wholesale energy market integrity and transparency (REMIT).

3.9. REMIT has been in force since October 2011 and requires gas and electricity market participants to publicly disclose inside information in an effective and timely manner. More recently, the Transparency Regulation was adopted on 14 June 2013 and mandates that market participants provide a minimum common level of fundamental data to the European Network of Transmission System Operators for electricity (ENTSO-E)³. The ENTSO-E in turn is required to publish this information on a non-discriminatory basis on a central information platform to provide all market participants with a coherent and consistent view of the market. The requirement to report information under the Transparency Regulation will apply from January 2015.

³ <https://www.entsoe.eu/>

4. How we collect and use information

Chapter Summary

We have discussed the importance of publishing data about our work and about the activities of the companies we regulate. In this chapter we summarise our approach to collection and use of information, including through Information Requests.

How we collect information

4.1. This chapter looks at how we collect and use information from energy companies. We also use other information in our work, in particular information gathered through our extensive programme of consumer research.

4.2. To deliver our statutory duties and achieve our principal objective we must have access to accurate and up to date information on all relevant aspects of the markets and activities which we regulate. Collection and publication of information benefits consumers and enables market participants to understand their obligations and assess compliance. The complexity of market dynamics, shifts in assessment methodologies and the impact of domestic and EU legislation means that the types of information we require are subject to review and change. When we revise information requirements we will always consider burdens to regulated businesses and whether information is being collected in the most cost effective and useful ways.

4.3. We gain access to company information through a variety of routes:

Information route	Detailed mechanism
Licences to participate in core activities of the gas and electricity markets, companies and other organisations must be licensed. Licences are the primary means to ensure the responsibilities of market participants are understood and met. Licences include a number of specific conditions relating to the provision of information to Ofgem.	Licence conditions – for example <ul style="list-style-type: none">• Standard condition 5 electricity supply licence (provision of information to the Authority)• Standard condition 44 electricity distribution licence (prepare and publish regulatory accounts)• Standard condition 7 gas transporter licence (provision of information relating to gas illegally taken)• Part 2 of special condition 3J electricity transmission licence (information to be provided to the Authority in connection with transmission investment for renewable generation)

Information route	Detailed mechanism
	<ul style="list-style-type: none"> Amended standard condition E12–C4 generic Offshore Transmission Operator (OFTO) licence (appointment of compliance officer – provision of compliance report to the Authority)
<p>Statutory powers</p> <p>our primary legislation gives us powers to require companies to provide us with information in specified circumstances.</p>	<p>Specific statutory powers – for example</p> <ul style="list-style-type: none"> Section 28 Electricity Act 1989 (require information where a regulated person may have contravened licence conditions or relevant requirements) Section 47A Electricity Act 1989 (require information on certain activities in relation to the Electricity Directive) Section 38 Gas Act 1986 (require information where a regulated person may have contravened licence conditions or relevant requirements) Section 26 Competition Act 1998 (the Authority may require any person to provide specified information relevant to an investigation)
<p>Offshore tender regulations and rules</p> <p>the regulatory regime for offshore transmission enables transmission assets to be transferred to an OFTO through a competitive tender process, which operates in accordance with secondary legislation and detailed rules published by Ofgem.</p>	<p>Offshore regulations and Ofgem tender rules require provision of information – for example</p> <ul style="list-style-type: none"> Cost estimates for developing transmission assets to be provided to the Authority Sufficient information to be provided to the Authority to enable evaluation of tender submissions – Ofgem may issue a clarification request where information is unclear
<p>Scheme specific requirements</p> <p>we administer environmental programmes on behalf of government. Participation in these programmes is subject to compliance with specific requirements, including around information provision.</p>	<p>Each scheme has specific requirements – for example</p> <ul style="list-style-type: none"> Renewable Heat Incentive (RHI) – submission of periodic data Energy Companies Obligation (ECO) – can require evidence from suppliers in relation to costs and compliance Feed in Tariffs (FIT) – participation

Information route	Detailed mechanism
	and compliance monitoring and data to maintain the Central FIT Register
Voluntary agreement we might also ask licensees to provide or publish information on a voluntary basis, in addition or as an alternative to more formal routes.	Voluntary routes for information gathering – for example <ul style="list-style-type: none"> Quarterly complaints data – published by suppliers under a voluntary agreement Provision of data to support research and impact assessment Information on interactions with other network sectors to support work on cross-sector infrastructure sharing

What we use information for

4.4. We have to have regard to the need to take a proportionate approach in our activities and target action where it is most needed. The information we collect should be aimed at supporting delivery of our statutory duties.

4.5. The list below gives a brief indication of the uses to which we put some of the information provided to us. As noted above, the information we collect and how we use it may change over time to enable continued effective market monitoring and regulation of licensed activities:

Data and source	Ofgem products
System Operator ten year statements National Grid produces ten year statements for electricity and gas to provide clarity and transparency on potential development of the GB transmission system for a range of scenarios	<ul style="list-style-type: none"> component of source data for annual Electricity Capacity Assessment Report
Network company business plans including expenditure and cost efficiency data, stakeholder engagement process, innovation and delivery strategy	<ul style="list-style-type: none"> assessment of business plans for price controls overview of network capability and

Data and source	Ofgem products
	<p>efficiency</p> <ul style="list-style-type: none"> network costs data inform estimates of average consumer bill
<p>Consolidated Segmental Statements</p> <p>published by six largest energy companies – showing revenue, costs and profits of generation and supply arms</p>	<ul style="list-style-type: none"> annual summary document on financial information reporting to provide transparent, comparable data on energy company profits supplier margin component of Supply Market Indicators (SMI) input to annual State of the Market report
<p>Domestic supplier Social Obligations Reporting</p> <p>information collected on debt, disconnection, prepayment meters, Priority Services Registers, free gas safety checks, and energy efficiency and advice</p>	<ul style="list-style-type: none"> quarterly and annual publication to monitor supplier compliance as a key part of our work to protect the interests of consumers, especially those in vulnerable situations. We use this reporting to monitor the effectiveness of our policies, identify best practice and areas for improvement
<p>Wholesale market reporting</p> <p>quarterly compliance reporting on Supplier Market Access (SMA) rules (including trading agreements and activities) and on Market Making obligation (including reporting on gross volume traded and number of trades)</p>	<ul style="list-style-type: none"> to assess progress against objectives to improve wholesale electricity market liquidity, improve competition especially for smaller suppliers and ensure an effective near-term market input to annual State of the Market report
<p>Market metrics</p> <p>day ahead prices, forward curve, demand and supply metrics (from various sources including Bloomberg, Elexon and Interconnector UK)</p>	<ul style="list-style-type: none"> we use a range of metrics to support proactive surveillance of short term security of supply and price movements contextual data for SMI

Information Requests – our approach

4.6. Much of the information we use is collected through routine monitoring arising from licence conditions or in connection with the compliance requirements of environmental programmes. Sometimes we need to collect additional information or require information to be provided in specific ways. We have statutory powers to make Information Requests (IRs) and sometimes we will also ask regulated companies to provide information on a voluntary basis.

4.7. Information collection is a valuable regulatory tool. We want to make sure that our information gathering is effectively managed, to make the most efficient use possible of information while avoiding unnecessary burdens on regulated businesses. We also want to make sure that the way we use IRs is consistent with our overall approach to transparency.

4.8. In our Simplification Plan 2012-13 we committed to undertake a review of logging and sign-off arrangements for IRs. That review identified a number of good practice points and also areas where we could make our approach clearer and more consistent. The process set out below reflects findings from the review.

IR process

4.9. In this table we set out how we intend our IR process to operate. We will try to ensure that we follow this process for our IRs wherever possible. Sometimes, however, the pace of policy development or other factors may mean that we need to use different approaches. See also the section on Enforcement IRs below. We will continue to keep our use of IRs under review.

Process stage	Our approach
Information need identified	Internal liaison carried out to identify whether equivalent information already held or whether other IRs are planned which could be used to collect the required information. We will aim to avoid requesting information more than once without good reason
Scope of IR	Clear purpose and scope established to ensure that IR is properly defined and easy to explain
Pre-engagement and sharing draft IRs	Wherever possible we will engage in advance with those directly affected by a proposed IR. We will use this engagement to: <ul style="list-style-type: none">• establish clear and unambiguous questions• discuss whether the request should be formal (under statutory powers) or informal

Process stage	Our approach
	<ul style="list-style-type: none"> • understand the extent to which businesses might have information readily-available • assess costs and burdens to businesses, including whether costs might fall disproportionately on some businesses • discuss the format for response • share draft IRs where available
Timing of IRs	<p>Wherever possible we will try to make sure that:</p> <ul style="list-style-type: none"> • IRs do not coincide with holiday periods • clustering of IRs is managed to minimise resource pressures on businesses
Sign-off	We will establish arrangements to ensure that IRs are signed-off at a consistent and appropriate level, by staff with an overview of requests issued in their business area
Response format	The way we require businesses to respond varies according to the purposes of the IR. Sometimes we may be able to provide a template for completion. For other requests we may require information such as datasets or samples of customer bills. We will aim to agree clear requirements for response format in advance of requests being issued
Timescale for response	We will offer as long as possible for response, bearing in mind project timescales and other factors, such as the impact of any external timing pressures on our work. If the time for response is very constrained we will give a clear explanation for this. Where businesses ask for deadlines to be extended we will try to accommodate this where practical
Follow up and compliance	If we need to ask follow up questions or clarify responses we will aim to do so as soon as possible and offer a reasonable timescale for further response. We will take seriously any failure to comply with an IR without good reason. Where a business foresees material difficulties with compliance these should be discussed with us as soon as possible

Process stage	Our approach
Transparency and feedback	As proposals develop we will highlight where and how information collected through IRs has been useful. We will feedback to businesses on impacts and benefits arising from information they have provided

Enforcement IRs

4.10. As part of our Enforcement Review, we intend to consult on revised Enforcement Guidelines in the first half of 2014. Where appropriate we will aim to take account of the approach set out in paragraph 4.9 in relation to Enforcement IRs. However the nature of enforcement investigations means it will not always be possible to do so.

Proportionality of IRs for smaller businesses

4.11. IRs are generally addressed to holders of specified licence types and seek comparable information from all recipients. Much of the information collected through IRs is for market monitoring, consumer protection or to support assessments of costs and benefits. It is important that we collect data which meaningfully represents the relevant market or activity.

4.12. We are aware that for some smaller businesses IRs can create particular burdens. Smaller suppliers, for example, might have to collect data specifically to answer a request or might experience resource pressures when dealing with a number of IRs simultaneously. There may be some types of information gathering where including smaller businesses is potentially disproportionate as their data will make only marginal difference to overall analysis.

4.13. We intend to consider further how we might offer greater flexibility to avoid disproportionate burdens on smaller businesses, while ensuring that we have sufficient data to regulate effectively.