

Regulatory Policy Institute Coherence and Stability in Regulatory Policy David Gray





BBC Energy Day Survey

25% put up with "unacceptably cold" homes in the past year as they struggle to pay bills.

38% concerned about how they will pay for their heating bills.

Almost three-quarters believe the UK's energy costs are unreasonable, and 69% said the firms should be nationalised.



Prove that you're not ripping us off energy firms told

The Times

Energy firms are now raking in £53 profit from every customer

Daily Mail

Ofgem denies being 'toothless tiger' over energy prices

The power cowards - MPs grill energy firms

Sixfold rise in profits fuels anger at energy companies

The Times

Watchdog in the dark on power rip-off

Daily Mirror



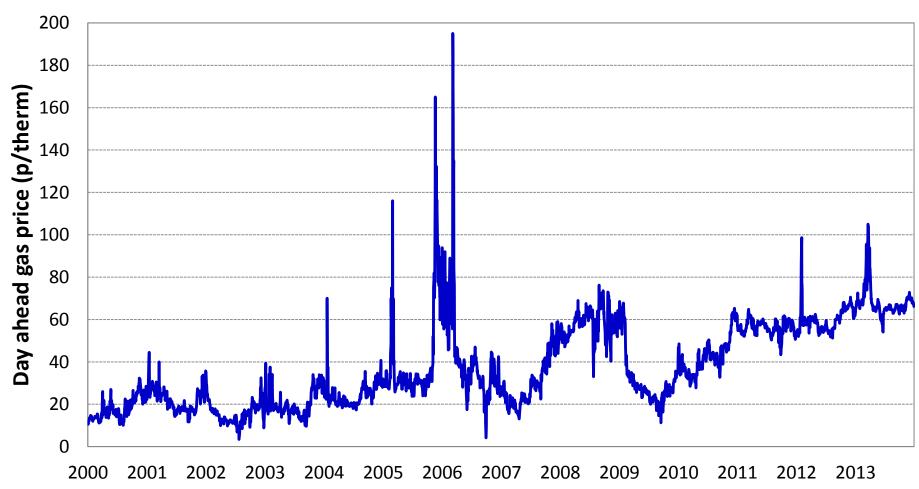
What's changed since 2007?

- Energy Prices
- Energy Company Performance
- Role of government
- Role of Ofgem



Wholesale Gas Price 2000-2013

Wholesale Gas Price 2000 – 2013 (day ahead gas prices (p/therm))

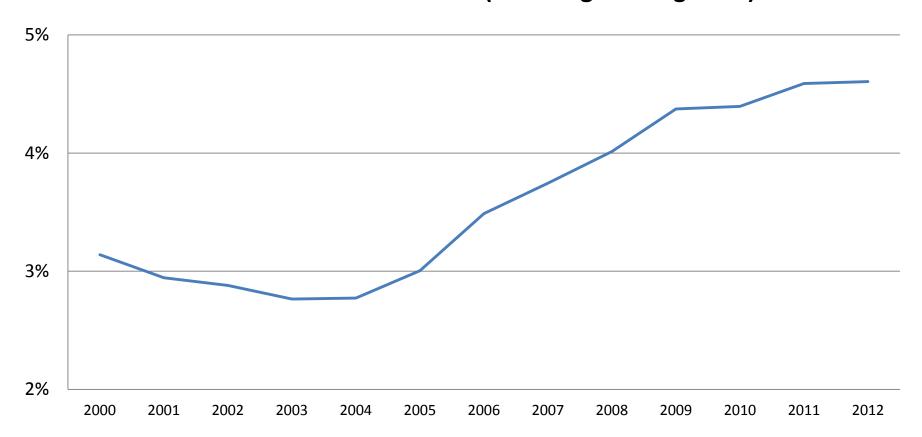


Source: ICIS Heren



Average Weekly Household Energy Expenditure 2000-2012

Average Weekly Household Expenditure on Fuel, Light and Power as a % of all Goods (including housing costs)

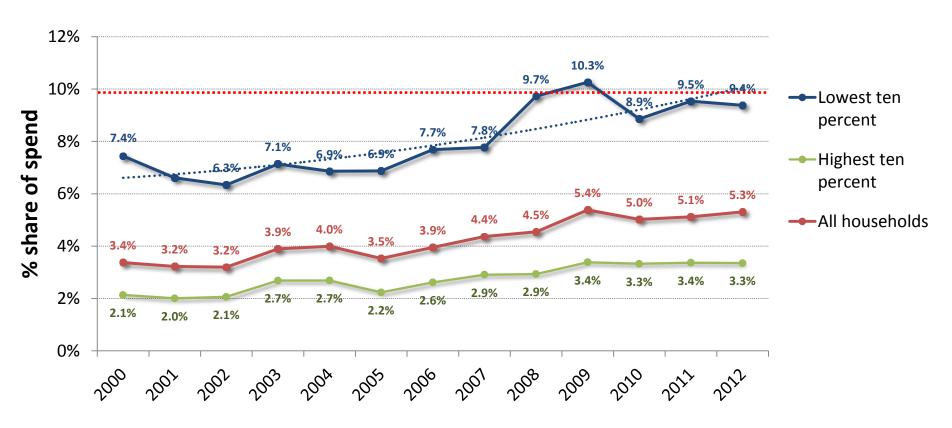


Source: DECC Housing Energy Fact File 2013, and ONS "Family Spending" 2013



Average Weekly Household Energy Expenditure by income deciles 2000-2012

Average Share of Gas and Electricity in Weekly Household Spend (Excluding Housing Costs) by Income Deciles, %

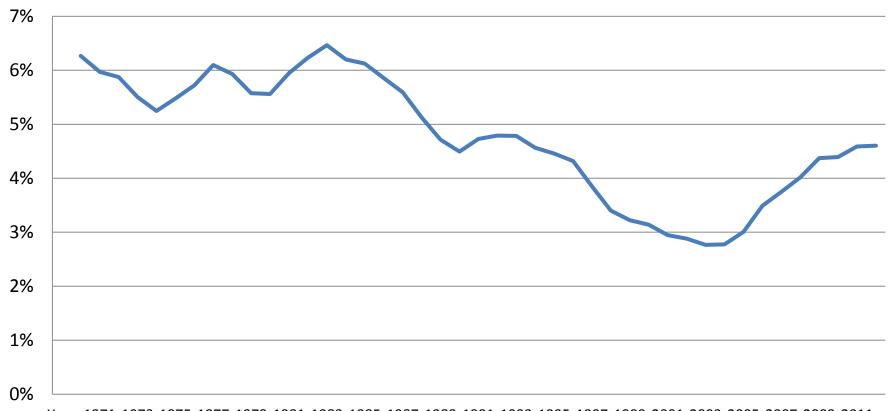


Source: ONS "Family Spending", various releases (1993-2013); own calculations. The survey covers around 5,000 households across the UK. Data are for gross income deciles. Weekly expenditures exclude housing costs (rent, mortgage interest and council tax).



Average Weekly Household Energy Expenditure 1970-2012

Average Weekly Household Expenditure on Fuel, Light and Power as a % of all Goods (including housing costs)

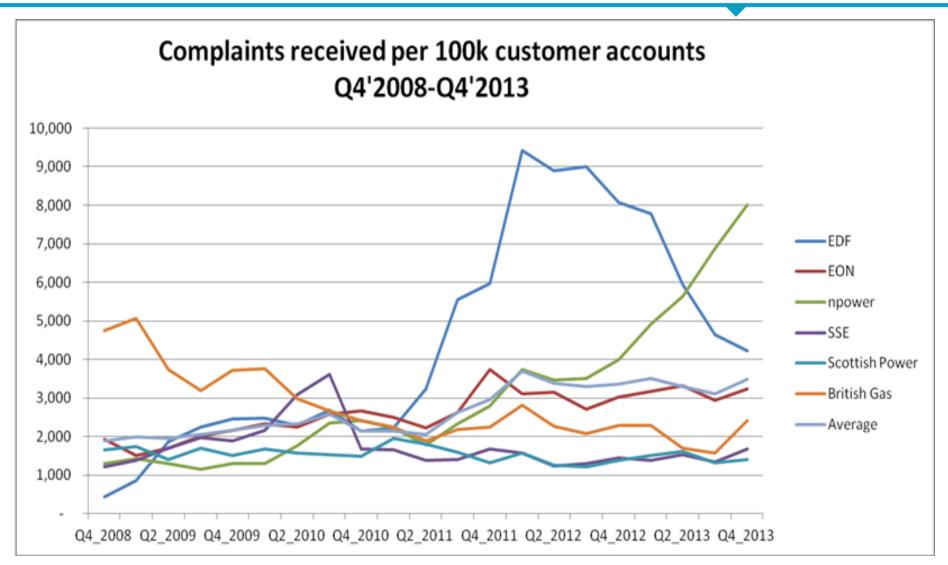


Year 1971 1973 1975 1977 1979 1981 1983 1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011

Source: DECC Housing Energy Fact File 2013, and ONS "Family Spending" 2013



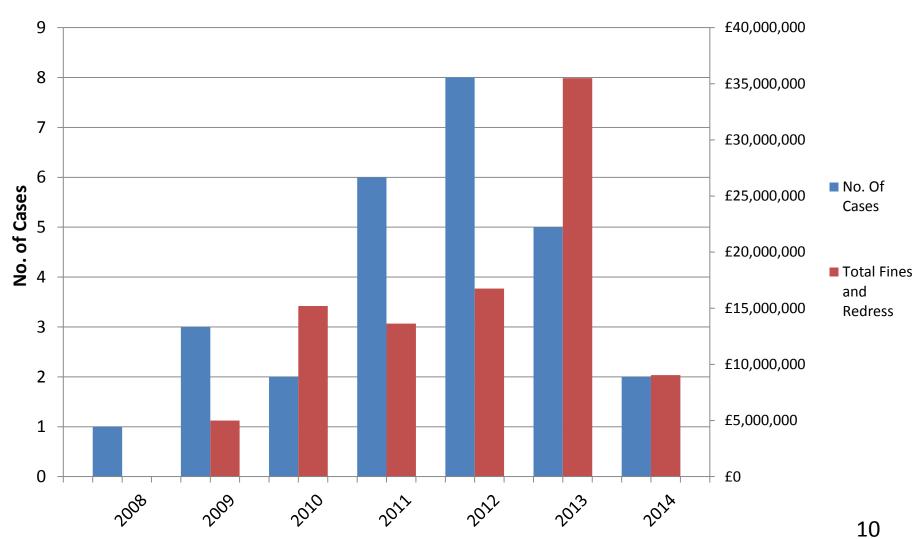
Customer Complaints 2008-2013





Enforcement Action 2008-2014

No. of Cases and Total Fines and Redress





Ofgem's Duties

- The principle objective...is to protect the interests of consumers...wherever appropriate by promoting effective competition...
- Before deciding to carry out functions...with a view to promoting competition...the Authority shall consider...whether there is any other manner...in which...the Authority...could carry out those functions which would better protect those interests.



Ofgem's Roles

- Networks Business as usual
- Networks Network codes and agreements
- Markets Promoting competition
- Markets Standards of Conduct and Enforcement



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