



Sustainable Development News

June 2014

Issue 6



Welcome to our new e-format sustainable development newsletter.

The new format gives you better access to all our news, latest activities and consultations. We hope you find it useful. If you have thoughts on its format, [let us know](#).

Putting consumers at the heart of the energy market

In March we published the first [annual review of competition](#) in the GB energy market conducted alongside the Office of Fair Trading and the Competition and Markets Authority (CMA). This looked at how well competition is serving the interests of small businesses and consumers, and whether energy company profits indicated that the



We have a new campaign to re-engage the nation with the energy market.

market was working well.

Our findings led us to propose a market investigation by the CMA to identify any further barriers to effective competition. This will reassure consumers and complement our major reforms for a simpler, clearer and fairer energy market. These reforms limit the number of tariffs a supplier can offer and ban complex tariffs.

[More on our Simpler, Clearer, Fairer reforms](#)

Supply Market Indicator

We're explaining the costs that make up an energy bill to help consumers understand the cost of energy.

Download this newsletter as a PDF



Latest sustainability news



Network innovation

In November we awarded £59.4 million to 10 projects through the Network Innovation Competitions and the Low Carbon Networks Fund.

These included a plant producing pipeline-quality gas from waste, and an investigation into targeted energy efficiency measures



Environmental management

We've introduced the Environmental Discretionary Reward (EDR) to the new transmission price control settlement.

It encourages licensees to reach high standards in environmental management.

Following a trial of the EDR



Community energy grid connections

The Department of Energy and Climate Change recently published its first [Community Energy strategy](#).

As part of this work, we're leading a group to identify the problems community energy groups face on grid connections and suggest solutions.

to alleviate network demand.

In May we announced the projects that had passed the initial screening process for funding in 2014 and are now eligible for full submission.

[About network innovation](#)

last year, we have now made changes to the scheme guidance.

[View our EDR scheme guidance](#)

The group has met three times and is now agreeing final proposals to report to the Secretary of State in July.

[Go to community energy working group](#)

What we're doing to protect consumers

Action on closed account balances

We recently called on large suppliers to make sure money is returned to their former customers, after our analysis revealed that these companies hold more than £400 million in credit from closed accounts.

Where it isn't possible to repay a balance, we're asking suppliers to use this money to benefit consumers more generally.



Protecting consumers in collective switching schemes

Collective switching is a relatively new activity in GB energy markets.

In February, we published proposals to expand the Confidence Code to include collective switching service providers.

This interim regulatory measure is designed to build trust, promote transparency by service providers and protect consumers who engage in collective switching.

[View consultation](#)



New enforcement panel appointed

We recently announced the members of our newly-created body, the Enforcement Decision Panel (EDP).

The EDP will take decisions in contested enforcement cases, including imposing financial penalties on energy companies.

John Swift QC, a senior competition lawyer and regulator, has been appointed as Chair of the EDP. The other members are experienced decision-makers from a range of backgrounds.

Latest enforcement cases

We investigated the sales practices of E.ON, Scottish Power and npower and found that when selling their products, they had failed to give consumers accurate information. They have accepted these failings and agreed to make redress payments totalling £24.5 million. This will compensate customers who were mis-sold to and benefit vulnerable consumers.

We investigated British Gas Business and found they had unfairly prevented businesses from switching and failed to provide some consumers with their contract renewal documentation. They agreed to pay a total of £5.6 million. This will go to affected customers and an energy efficiency fund. It includes an £800,000 penalty payment.

We also investigated npower and found that they incorrectly reported electricity supply data under the Renewables Obligation. Npower has taken steps to correct the errors and has agreed to pay a penalty of £125,000.

Consultations



Our approach to enforcement

Closes 23 June 2014

We are consulting on a new policy statement on how we will calculate penalties in future and use our new consumer redress powers to require energy companies to compensate consumers directly.

The consultation on our draft new Enforcement Guidelines closed on 23 May.



Green and renewable energy offers

Expected to open June 2014

We're publishing our final proposals to improve consumer protection in the green and renewable energy offers market. In June 2014 we will consult on the wording of the necessary licence changes.

Our initial proposals were published in December last year.

[View all consultations](#)

About Sustainable Development

Our division brings together Ofgem's work across environmental, social and consumer policy, and enforcement. We help Ofgem fulfil its duties to make a positive difference for future and existing energy consumers through sustainable development.

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Making a positive difference
for energy consumers

