

Ofgem Consultation: Forward Work Programme 2015-16



Llywodraeth Cymru
Welsh Government

Welsh Government response

1. The substance of Ofgem's policy that is set out in this Forward Work Programme, the proposed budget and spend, and the deliverables (provided in annex 1).

There seems to be a disjoint between the immediate term Ofgem work programme and the transformation set out in DECC's Energy Investment Report, published in January. The Welsh Government suggests that Ofgem should seek to clearly align its activities to the challenges identified within this document.

The policies do not address the changing nature of energy production away from large, centralised power stations largely operated on fossil fuels to a more distributed, smaller scale and lower carbon energy generation model. The intent of the work programme appears to retain the status quo of using grid capacity as a market signal for commercial operators; there is not enough within the work programme to support the burgeoning community or local generation agenda.

As such, Ofgem risks failing in their aim of 'not getting in the way' of progress towards the future energy system models.

We suggest that we'd like to see the Ofgem work programme reflect more strongly how it relates to the longer term investment challenge needed to deliver energy networks capable of delivering low carbon electricity and heat to customers. Perhaps that might be done through setting a key consumer outcome, reflecting the duty to protect future customers, in terms of developing the decarbonised energy system needed to meet renewable energy and climate change targets.

The Welsh Government would like to see Ofgem working with the community energy sector to ensure smooth transition to adopting the new measures announced by the UK Government in November 2014 in the Government Response to the consultation on support for community energy projects. Ofgem should acknowledge the key role it has in working with government to issue guidance on ownership models, on sharing grid connections and what can be supported by public grant and Feed In Tariffs.

Finally, the work programme references the Ofgem Strategy, which describes six key consumer outcomes. The Welsh Government is disappointed that the strategy does not set a vision for the role of Ofgem within a rapidly changing energy system. Its content is relatively short term, and doesn't reflect the longer term transformation in markets and infrastructure that is needed.