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**By Email Only: [remit@ofgem.gov.uk](mailto:remit@ofgem.gov.uk)**

Dear Ms Edwards

**Consultation dated 18 December 2014 on Ofgem's proposed changes to its REMIT Procedural Guidelines and REMIT Penalty Statement**

This is the response of National Grid plc to the above consultation.

National Grid owns and operates the high voltage electricity transmission system in England and Wales and, as National Electricity Transmission System Operator (NETSO), operates the Scottish and offshore high voltage systems. National Grid also owns and operates the gas transmission system throughout Great Britain and, through its low pressure gas distribution business; we distribute gas in the heart of England to approximately 11 million businesses, schools and homes. National Grid also has interests in Great Britain in gas metering, gas storage, LNG importation, electricity interconnectors and carbon capture and storage.

Our general comments are set out below and a more detailed response to the specific questions is provided at Appendix 1.

Overall, National Grid welcomes the revised enforcement guidelines and considers that they provide a clearer and more robust framework to support effective enforcement action by Ofgem across the range of its activities. However, we remain concerned that there are some areas in which the clarity, consistency and effectiveness of the guidelines could be improved. We note that Ofgem states that its proposed changes to the REMIT Procedural Guidelines and REMIT Penalties Statements come from changes to Ofgem's wider enforcement policies and procedures, the approach taken to regulation in respect of financial markets, lessons learned through the use of REMIT monitoring and enforcement powers, and the need to encompass imminent new powers which will be afforded to Ofgem allowing it to take action if REMIT market participants fail to register or submit REMIT data. On the first of these, it is National Grid's view that, to the extent possible, all enforcement issues should be looked at together and a consistent approach adopted. To this end, National Grid refers Ofgem to its comments dated 29 August 2013 on previous related consultations, which should be read in conjunction with this response.

Whilst we agree generally with the principle that the development of the REMIT Procedural Guidelines and REMIT Penalties Statement should take account of the approach adopted by the Financial Conduct Authority ("FCA"), we believe that the FCA approach should not be applied to the REMIT regime without careful consideration of the particularities of the REMIT prohibitions and obligations, and the operation of the energy markets.

Finally, as regards Ofgem's imminent new powers, National Grid notes that Article 13 of the REMIT Regulation requires national investigatory and enforcement powers in relation only to the market abuse prohibitions and the obligation to publicly disclose inside information. Further clarification would therefore be welcome as to the manner and extent to which Ofgem's existing powers in the 2013 Regulations are expected to be extended to registration and data reporting obligations, and the rationale for such extension. In this context, National Grid notes that proportionality is one of the factors that Ofgem will have regard to in discharging its REMIT functions. It is difficult for us to

comment comprehensively on the appropriateness of the enforcement regime before we have sight on the proposed revisions to the 2013 Regulations.

If you would like to discuss any points National Grid has raised or have any questions, please contact Angela Quinn (01926 655 454, [angela.quinn@nationalgrid.com](mailto:angela.quinn@nationalgrid.com)).

Yours sincerely