



Ofgem Simplification Plan 2016-17

Response from E.ON

General Comments

The actions undertaken by Ofgem in the delivery of its duties can have a significant administrative impact upon companies operating in the market. This regulatory burden should be minimised to help reduce the costs that companies face as ultimately these costs will be borne by energy consumers.

We look forward to understanding from Ofgem's forthcoming 'Simplification Plan' how it will report upon its new responsibilities under the Enterprise Bill regarding the Business Impact Target. Visibility to stakeholders of Ofgem's efforts to reduce the regulatory burden it imposes upon industry participants is an area which we believe could be improved.

We hope to see clarity around the impact that Ofgem's different areas of activity have upon the industry, presented with sufficient transparency and clarity. The assessment should not be limited to areas of consultations (i.e. policy impacts) but include its activity in asking for regular reporting, ad-hoc information requests and the actions undertaken by its e-serve division.

We hope that these new requirements and the proposed oversight from the Regulatory Policy Committee will help to reduce the burden that Ofgem has on the sector and help it work in a more efficient manner.

We have some specific examples of areas where we would like to see better practice employed by Ofgem to help reduce the regulatory burden that it imposes upon us.

Requests For Information (RFI)

We understand the need of Ofgem to gather information from industry participants from time to time. The manner in which these are undertaken could be improved to help mitigate the significant burden that these now present to us.

A more co-ordinated approach to RFI requests could ensure that Ofgem is not asking for information on an issue several times and that the questions asked are clearer.



Ensuring that the scope and nature of previous RFI is understood across Ofgem's different departments and teams would help to reduce duplication and potentially the need for some to be issued.

The quality of the questions asked and support provided by some Ofgem teams could also be improved. In a recent incident an RFI was issued just before the Christmas holiday period. Some of the questions were unclear, were subsequently amended and the Ofgem staff who issued the RFI were unable to be contacted to help with clarity as they were all on holiday. This contrasted with what was expected from Suppliers with staff being required to work throughout the holiday period to provide the data and answer the RFI questions to the required deadline.

Ad-hoc data requests

As well as formal information requests from Ofgem we also receive a significant number of informal ad-hoc requests.

We appreciate that access to information is vital in making better informed decisions on policy and regulatory issues. Answering these requests does however present a burden upon us in terms of time and resource in finding the data and drafting a response.

As with the approach to RFI a more co-ordinated approach to this should help reduce the burden that is imposed upon us in assisting the regulator in undertaking its activities.

Reporting

As an energy Supplier and Generator we are required to provide Ofgem with a significant number of regular reports on our activities. Compiling and drafting these reports is a significant burden to our business.

We understand that Ofgem, as the sector regulator, needs to have a good understanding of what is going on and therefore appreciate the need to gather information.

We believe that the reporting that Ofgem asks for could be improved to mitigate some of the potential impact that it has on the sector. It isn't clear to us whether all the information that is currently gathered by Ofgem is actually used. Reporting is set up for specific issues but is then never reviewed to see whether it is still useful or needed.

There doesn't seem to be an assessment or appreciation within the organisation of the breadth and types of reporting that is being collected. An assessment of this may show



that some reporting is no longer required or should be amended in a way which would reduce the need for so many ad-hoc information requests and formal RFI being issued.

Transparency

Transparency on Ofgem's activities and decision making processes helps to reduce the regulatory burden on industry stakeholders by allowing us to better plan our own resourcing and when engagement might be needed.

We recognise that as an organisation Ofgem strives to improve upon this. Examples of this include the publication of the associated Forward Work plan and the periodic publication of the status of decision making on industry code modifications. There is however more work that Ofgem could do in this area.

There are also differences in the approach to transparency from the various teams within Ofgem. There are some particularly good examples from some teams, such as the approach to engagement taken by Rob Salter-Church's team within Rachel Fletcher's Consumers and Competition department, which could be applied more broadly to help improve Ofgem's working relationship with the industry it regulates.