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# Electricity and Gas Supply Market Report

## Report


**Reference:** 36/11

**Publication date:** 21 March 2011

**Response deadline:** 30 April 2011



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**Overview:**

Our indicator of the net margin on supplying a typical standard tariff dual fuel customer has decreased since our last report. We estimate net margin on supplying a typical, standard tariff, dual fuel customer to be approximately £75 per customer for the year from March 2011.

The £75 net margin figure incorporates the price increases by the three Big 6 energy supply companies that had not raised their prices at the time of our previous report in December.

# Associated Documents

- Energy Supply Probe — Intial Findings Report. October 2008. Reference number 140/08
  http://www.ofgem.gov.uk/MARKETS/RETMKTS/ENSUPPRO/Documents1/Energy%20Supply%20Probe%20-%20Initial%20Findings%20Report.pdf

- Quarterly Wholesale/Retail Price Report. February 2009. Reference number 15/09
  http://www.ofgem.gov.uk/MARKETS/RETMKTS/ENSUPPRO/Documents1/Wholesale%20retail%20price%20link%20report%20-%20February09.pdf

- Quarterly Wholesale/Retail Price Report. May 2009. Reference number 57/09
  http://www.ofgem.gov.uk/MARKETS/RETMKTS/ENSUPPRO/Documents1/Wholesale%20retail%20report%20-%20May.pdf

- Quarterly Wholesale/Retail Price Report. August 2009. Reference number 111/09
  http://www.ofgem.gov.uk/MARKETS/RETMKTS/ENSUPPRO/Documents1/August%20quarterly%20price%20report.pdf

- Quarterly Wholesale/Retail Price Report. December 2009. Reference number 150/09
  http://www.ofgem.gov.uk/MARKETS/RETMKTS/ENSUPPRO/Documents1/Quarterly%20Wholesale%20Retail%20Price%20Report%20November%202009.pdf

- Electricity and Gas Supply Market Report. February 2010. Reference number 23/10
  http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/QPR%20final%20feb.pdf

- Electricity and Gas Supply Market Report. June 2010. Reference number 73/10
  http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Electricity%20and%20Gas%20Supply%20Market%20Report%20June%202010.pdf

- Energy supply probe remedy: publication of segmental generation and supply accounts by energy companies. July 2010
  http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/location%20of%20these%20accounting%20statements%20on%20each%20suppliers'%20website.pdf

- Electricity and Gas Supply Market Report. September 2010. Reference number 126/10
  http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Electricity%20and%20Gas%20Supply%20Market%20Report%20September%202010.pdf

- Electricity and Gas Supply Market Report. December 2010. Reference number 146/10
  http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Electricity%20and%20Gas%20Supply%20Market%20Report%20December%202010.pdf

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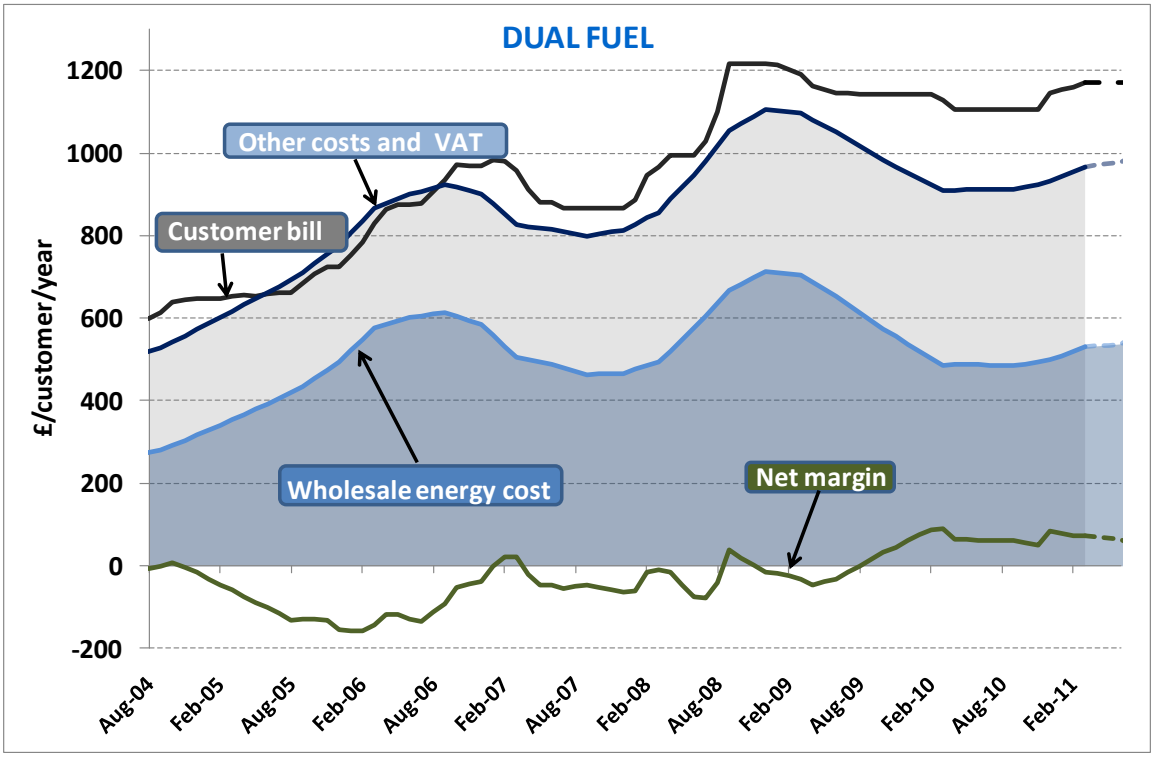
# Executive Summary

Our estimate of the net margin on supplying a standard tariff, dual fuel customer is £75 for the year from March 2011. This takes account of the price increases by the three Big 6 energy suppliers that had not raised prices at the time of our December 2010 report. This represents a reduction in net margin compared to our December report.

Ofgem has obtained and analysed updated information from the Big 6 companies on their operating costs since the December report as part of its Retail Market Review. We will be using these updated operating costs in our Supply Market Reports going forward (including this report).

We have applied the updated operating costs to our December report analysis. This has had the effect of decreasing the net margin on supplying a standard tariff, dual fuel customer from £90, estimated in December, to £85. This makes the real reduction in net margin, from December 2010 to March 2011, around £10.

**Typical dual fuel customer bill, costs and net margin**




Wholesale energy costs, particularly for gas, have increased since our December report. So although there have been increases in the average dual fuel retail bill, on this occasion, costs have risen by a greater amount than the average retail bill. This is why our estimate of net margin for the year from March 2011 is £10 lower than it was in December 2010.

# Customer Bills, Wholesale Energy Costs and Net Margin

**Chapter Summary**

Our estimate of the net margin on supplying a standard tariff, dual fuel customer is £75 for the year from March 2011. This figure takes into account price increases by the three remaining Big 6 suppliers who had not made their price positions known in December. The £75 net margin for March represents a decrease of £10 since December.

1.1. This report examines the relationship between wholesale energy costs and standard tariff energy bills for a typical customer. It provides an indicator of the margin earned for supplying energy to a typical customer, rather than an estimate of energy supply company profits. It has been carried out by Ofgem based on information from publicly available sources, data which Ofgem purchases (eg price data) and information gathered as part of the Energy Supply Probe and, more recently, the Retail Market Review. Suppliers may use different hedging strategies and their operating costs may vary, so actual margins for individual suppliers may differ from our indicator.

1.2. As with our previous reports, we welcome feedback on our methodology as well as our findings. Please see Appendix 3 for more details about our assumptions, including figure 3.2 for a summary of any changes made since the previous report.

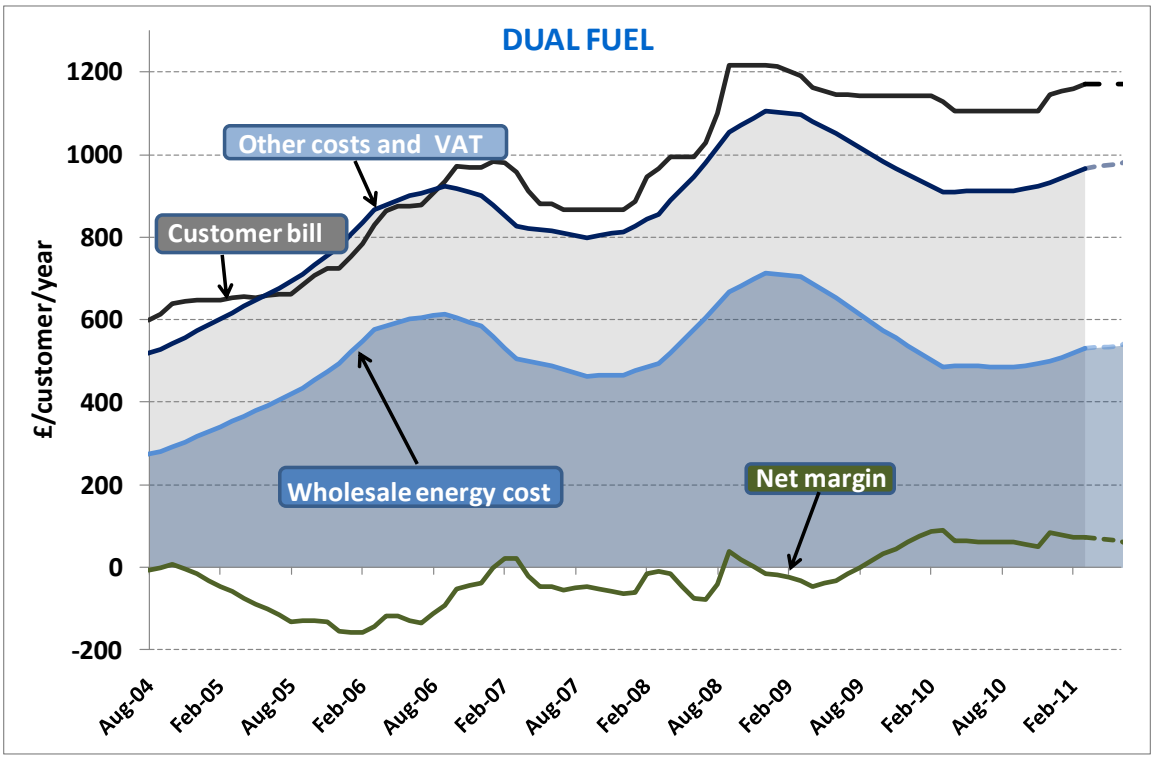
1.3. Each point on the charts in this section represents the expected cost, revenue or margin for the following year, for an average customer on a £/year basis. Wholesale costs are estimated using our 18 month hedging strategy. The cost of the average customer bill is represented by the black line. Wholesale costs are represented by the blue shaded area. Other costs, such as network costs, environmental charges and VAT, are represented by the grey shaded area. The area between the customer bill and the combined wholesale and other costs lines represents gross margin. Subtracting operating costs from the gross margin gives the net margin, represented by the green line.

1.4. Operating costs include: staff costs, IT costs and overheads. They also include discretionary elements (such as sales and marketing costs) and bad debt costs. We have recently updated these costs so they reflect information obtained from the Big 6 energy suppliers, as part of the Retail Market Review. The updated operating costs are slightly higher than the figures used previously. This means that when we apply the updated operating costs to our historic data on net margins, there is a slight reduction, compared to previously reported figures (see figure 1.4 to 1.6 for a presentation of suppliers' revenues, costs and margins over time). Please also refer to Appendix 3 for further details on how we calculate net margin.

1.5. Figure 1.1 shows that the estimated net margin on supplying a typical dual fuel customer has decreased to £75 for the year from March 2011. This compares to £85 in December[1]. The decrease in net margin is due to a significant rise in wholesale energy costs, particularly gas costs, since the December report.

1.6. The average dual fuel retail bill has risen since our December report. This follows price increases by the three Big 6 energy suppliers who had not yet changed their prices in December. Wholesale energy costs have also risen since December but on this occasion, these costs have risen by a greater amount than the average retail bill. This is why our estimate of net margin for the year from March 2011 is £10 lower than it was in December 2010.

**Figure 1.1: Typical dual fuel customer bill, costs and net margin**




1.7. Wholesale energy costs are estimated using our 18 month hedging strategy. These costs have risen from around £495 in our previous report to around £530 for the year from March 2011. This increase, over the period, is a result of rising wholesale electricity and gas forward prices, with increases in wholesale gas prices being responsible for the bulk of the increase.

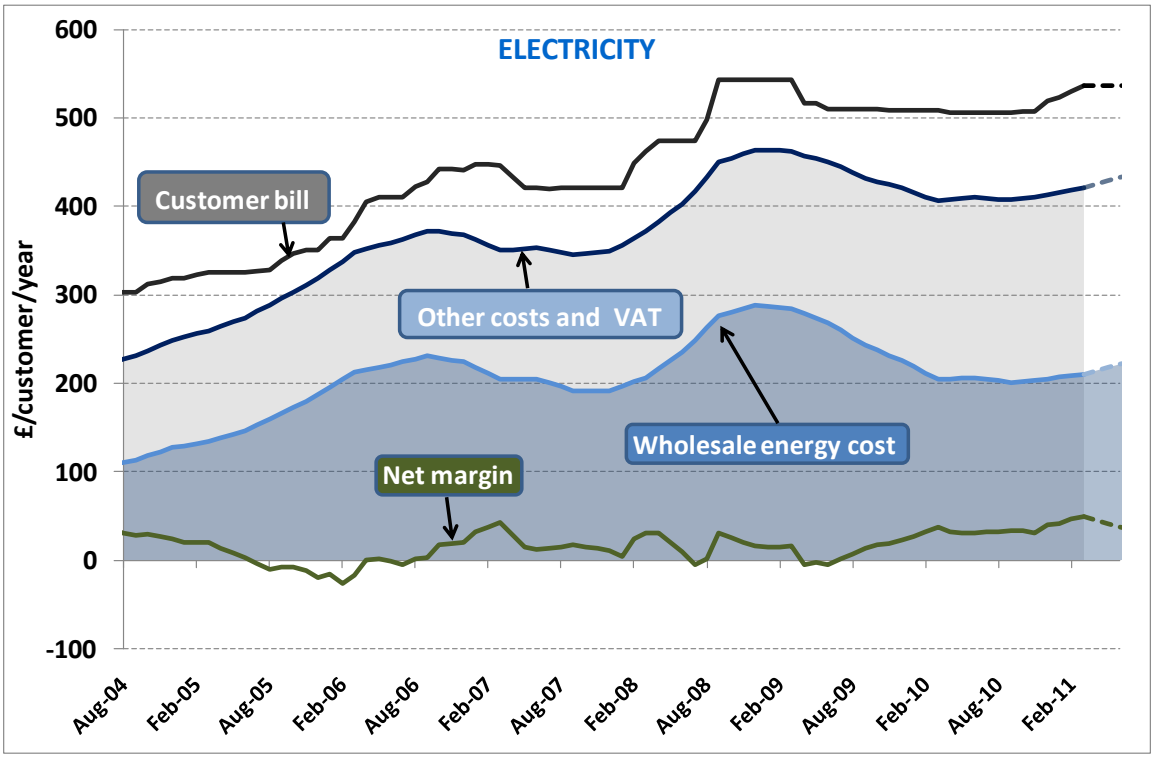
[1] £85 is the adjusted December figure, which takes into account the revised operating costs which are now available to us. In December, we quoted a £90 net margin figure, based on our best estimate of operating costs at that time.

1.8. In the last few weeks, we have observed further significant increases in wholesale energy forward prices, particularly for gas. These increases have been driven by events in the Middle East and more recently, the earthquake and tsunami affecting Japan.

1.9. If the recent trend in forward prices were to persists, we can expect to see further increases in wholesale energy costs going forward. Conversely, forward prices could fall back, which would reduce upward pressure on wholesale energy costs. In the light of this uncertainty, we recognise our projected wholesale energy costs and net margins (represented by the dashed lines on the right hand side of the charts) may exhibit significant variability going forward.

1.10. Figure 1.2 replicates figure 1.1 for a typical, stand-alone electricity customer account. The figure shows that our estimated net margin from December has increased since our last report from £40[2] to around £50 per customer per year.

**Figure 1.2: Typical electricity customer bill, costs and net margin**




1.11. Although wholesale electricity costs have risen since December, there has also been an increase in the average retail bill over the same period. This was due to price increases by the three Big 6 suppliers who had not yet changed their prices in

[2] £40 is the adjusted December figure, which takes into account the revised operating costs which are now available to us. In December, we quoted a £45 net margin figure, based on our best estimate of operating costs at that time.

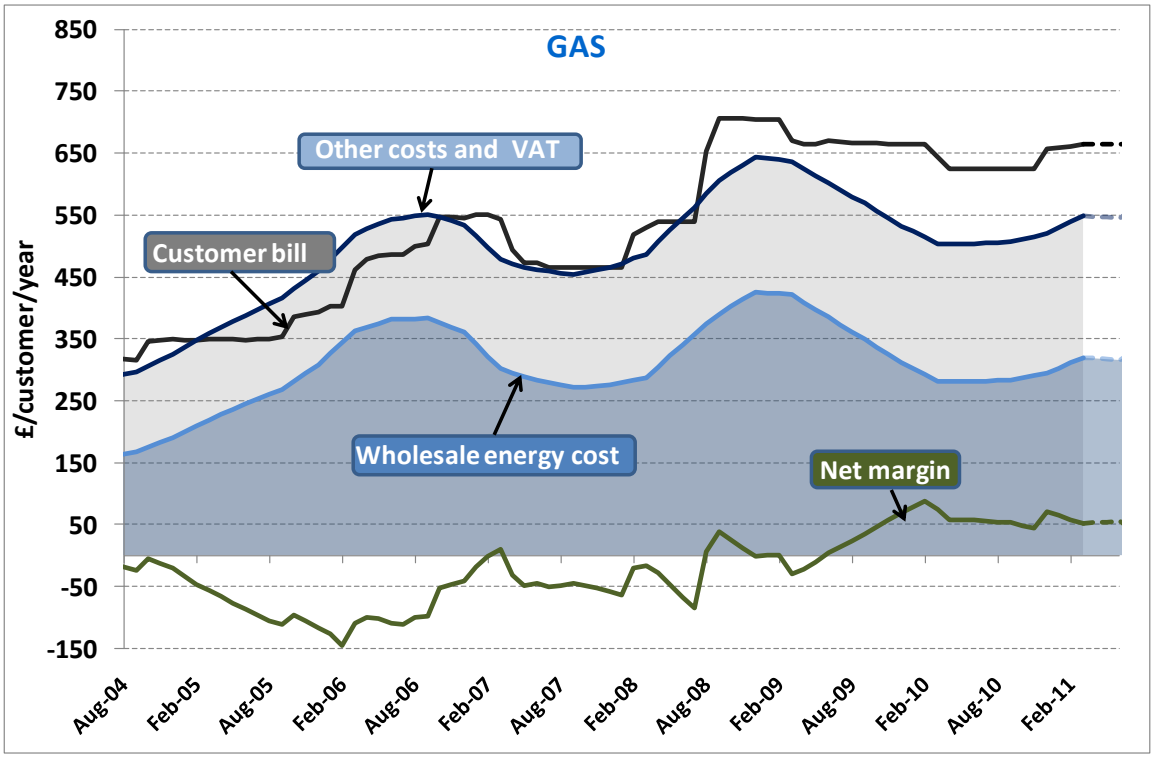
December. The overall effect of these developments has been an increase in net margin on supplying a typical stand-alone electricity customer.

1.12. The increase in the net margin on supplying a typical stand-alone electricity customer contrasts with the small decreases we estimate in the net margin on supplying dual fuel and stand-alone gas customers. In these latter two cases, increases in wholesale gas costs have outweighed the increases in the average retail gas and dual fuel bills.

1.13. Looking forward, our modelling suggests wholesale electricity costs could rise further over the course of the next three months. Should this be the case, we would expect net margins on supplying electricity to fall back to levels similar to those observed in December, under the assumption that the average retail bill remains at its current level.

1.14. Figure 1.3 presents our analysis for a typical stand-alone gas customer account. It shows that our estimate of net margin from March 2011 has fallen to around £55, compared to £70 in December.

**Figure 1.3: Typical gas customer bill, costs and net margin**




1.15. Wholesale gas costs have risen significantly since our December report. Our modelling indicates that a typical supplier, hedging over 18 months, is now paying around £25 more per customer, on gas purchases for the year, compared to in December 2010.

1.16. Although we have observed an increase in the average retail gas bill since December, unlike electricity, the increase in the average retail gas bill has been outweighed by rising wholesale gas costs. The overall effect of this has been a fall in net margin since our December report.

1.17. To enable comparison of customer bills and suppliers' costs over time, we assume a constant level of consumption. A declining consumption trend impacts on net margin, as a substantial proportion of suppliers' costs are fixed. Holding consumption constant over time means we may have overstated margin in recent years, but understated margin in even earlier periods. The margins over time at constant consumption are presented in the tables below[3].

**Figure 1.4: Dual fuel summary table (£/customer/year)**

| | Mar-07 | Mar-08 | Mar-09 | Mar-10 | Mar-11 |
|---|---|---|---|---|---|
| **Customer bill** | £955 | £965 | £1,190 | £1,130 | £1,170 |
| **Wholesale costs** | £505 | £495 | £705 | £485 | £530 |
| **VAT and other costs** | £320 | £365 | £395 | £420 | £435 |
| **Gross margin** | £130 | £110 | £95 | £220 | £205 |
| **Operating costs** | £110 | £120 | £130 | £130 | £130 |
| **Implied net margin** | £20 | -£10 | -£35 | £90 | £75 |
| *Notes:* | *Customer bill is for standard tariffs, weighted by payment method and market share. Average figures assume electricity consumption of 4MWh/yr, gas consumption of 16.9MWh/yr. Figures rounded to nearest £5 and may not sum due to rounding* | | | | |

**Figure 1.5: Electricity summary table (£/customer/year)**

| | Mar-07 | Mar-08 | Mar-09 | Mar-10 | Mar-11 |
|---|---|---|---|---|---|
| **Customer bill** | £445 | £460 | £540 | £510 | £535 |
| **Wholesale costs** | £205 | £205 | £285 | £205 | £210 |
| **VAT and other costs** | £145 | £165 | £180 | £200 | £210 |
| **Gross margin** | £95 | £90 | £80 | £100 | £115 |
| **Operating costs** | £55 | £60 | £65 | £65 | £65 |
| **Implied net margin** | £40 | £30 | £15 | £35 | £50 |
| *Notes:* | *Customer bill is for standard tariffs, weighted by payment method and market share. Average figures assume gas consumption of 16.9MWh/yr. Figures rounded to nearest £5 and may not sum due to rounding* | | | | |

**Figure 1.6: Gas summary table (£/customer/year)**

| | Mar-07 | Mar-08 | Mar-09 | Mar-10 | Mar-11 |
|---|---|---|---|---|---|
| **Customer bill** | £540 | £530 | £670 | £645 | £665 |
| **Wholesale costs** | £300 | £285 | £420 | £280 | £320 |
| **VAT and other costs** | £175 | £200 | £215 | £220 | £230 |
| **Gross margin** | £65 | £45 | £35 | £140 | £115 |
| **Operating costs** | £55 | £60 | £65 | £65 | £65 |
| **Implied net margin** | £10 | -£15 | -£30 | £75 | £55 |
| *Notes:* | *Customer bill is for standard tariffs, weighted by payment method and market share. Average figures assume gas consumption of 16.9MWh/yr. Figures rounded to nearest £5 and may not sum due to rounding* | | | | |

[3] We will update our consumption figures for the purposes of this analysis to reflect the latest trends as required.

# Appendices

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# Appendix 1 - Feedback and Questions

1.1. Ofgem would like to hear the views of interested parties in relation to any of the issues set out in this document.

1.2. Feedback should be received by 30 April 2011 and should be sent to:

Tim Collins
GB Markets
9 Millbank
London
SW1P 3GE
020 7901 7212
tim.collins@ofgem.gov.uk

1.3. Unless marked confidential, responses may be published by placing them in Ofgem's library and on its website www.ofgem.gov.uk. Respondents may request that their response is treated as confidential. Ofgem will take any such requests into account when considering the exercise of its powers to publish and/or disclose information and when examining its obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

1.4. Respondents who wish their responses to be treated as confidential should clearly mark the document(s) to that effect and include the reasons for confidentiality. It would be helpful if responses could be submitted both electronically and in writing. Respondents are asked to put any confidential material in the appendices to their responses.

1.5. Any questions on this document should, in the first instance, be directed to Tim Collins, whose contact details are given above.

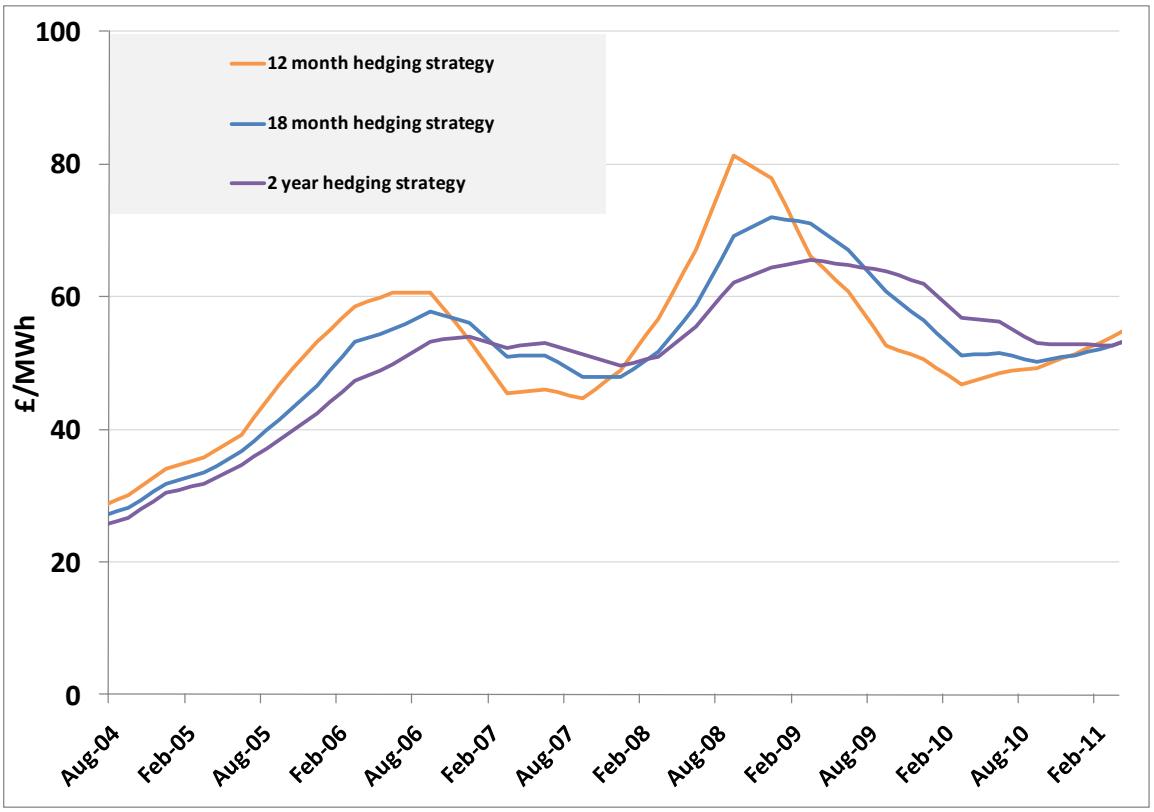
# Appendix 2 – Hedging Strategies

1.1. Suppliers buy much of their energy requirement over a period of time to reduce the effect of large changes in wholesale prices. This practice is known as hedging.

1.2. Hedging helps suppliers to smooth their costs and provides suppliers with more certainty over future costs. Hedging strategies may vary from supplier to supplier according to their business objectives. Suppliers may also change their hedging strategies over time in reaction to market conditions or for other business reasons.

1.3. The charts below depict the costs to suppliers of adopting hedging strategies over 12, 18 and 24 months for both electricity and gas. These hedging strategies were designed based on information collected in the Energy Supply Probe and are intended to represent the industry as a whole rather than any particular firm. Please refer to Appendix 3 for an explanation of the methodology.

**Figure 2.1: Electricity hedging strategies**




1.4. Figure 2.1 shows that wholesale electricity costs are flat or rising depending on the hedging strategy used, and are rising under our 18 month hedging strategy (which we base our net margin figures on). There is currently only a narrow range between the 12, 18 and 24 month hedging strategies, £53-£54/MWh.

**Figure 2.2: Gas hedging strategies**

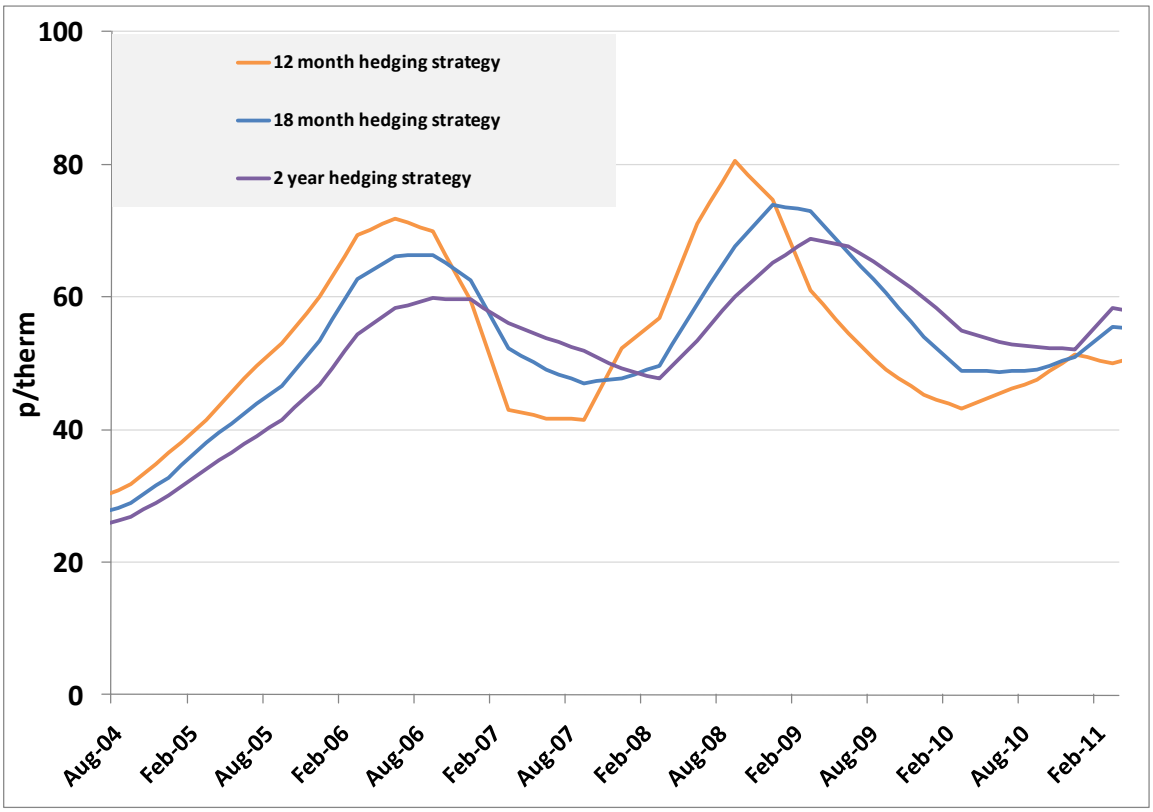



Figure 2.2 indicates that wholesale gas costs are flat or rising depending on the hedging strategy used, and are rising under our 18 month hedging strategy (which we base our net margin figures on). There is a broader price range between the gas hedging strategies than electricity, with gas prices ranging from 50p–58p/therm.

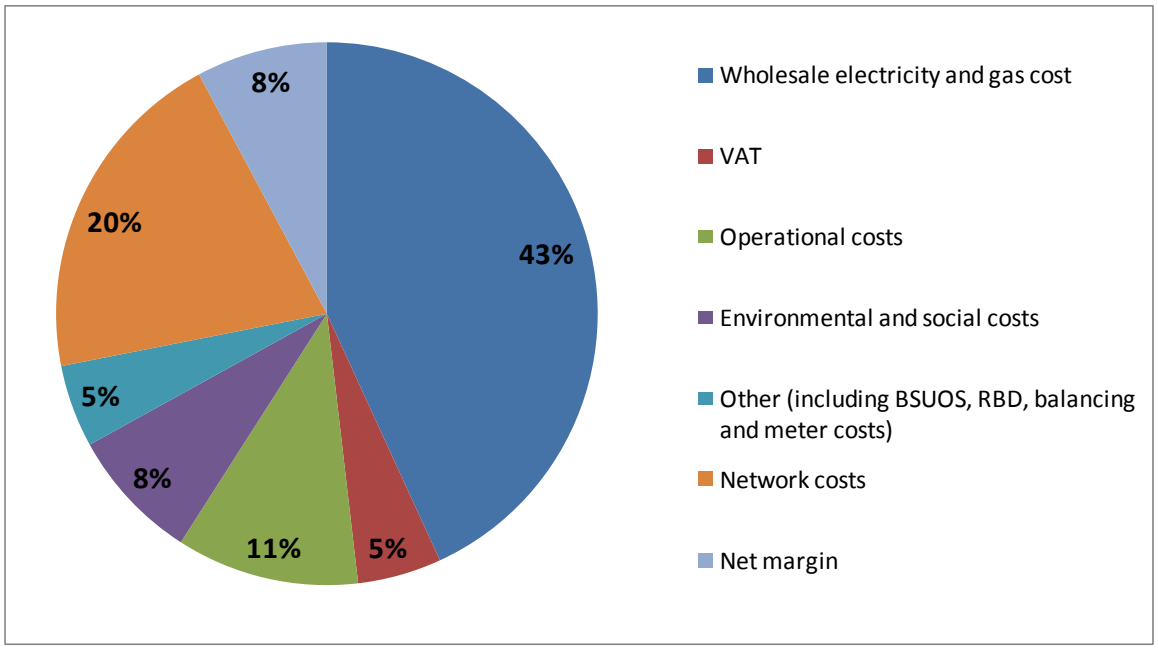
# Appendix 3 – Methodology

1.1. This section provides a detailed description of the methodology behind the following data we have used in this report:

- consumption levels;
- average customer bill;
- wholesale energy costs;
- other supply costs (including network, environmental and some meter costs);
- gross margin (average customer bill minus wholesale energy costs and other supply costs); and
- net margin.

1.2. Prices and costs are calculated at an average consumption per annum of 4MWh of electricity and 16.9MWh of gas and are held constant over time in the analysis presented in the text. This reflects data from DECC's *Energy Trends*, December 2009 publication. These values differ from the consumption figures we currently use in average bill calculations in other Ofgem publications, and do not represent a change in Ofgem's standard consumption figures (used for example in our 'Energy bills explained' factsheets).

**Figure 3.1: Illustrative breakdown of a typical dual fuel customer bill**



**Average customer bill**

1.3. The average customer bill is an estimate of the average cost paid by retail energy customers on standard tariffs in GB. All price changes announced by the Big 6 prior to publication of this report have been included.

1.4. The average customer bill in the report is constructed using monthly prices charged by the Big 6 companies. Each supplier's standard regional tariffs are averaged to give a national average price for each payment method. These national averages are weighted by the proportion of customers on each payment method and by the market share of each company.

1.5. We have not taken into account the impact of discounted and fixed price tariffs as we are carrying out the analysis from the perspective of a typical customer and standard tariffs remain the most popular tariff form. We are not trying to model supply business profits.

**Wholesale energy costs**

1.6. The proportion of a customer's final energy bill which is accounted for by wholesale costs varies between suppliers and over time with changing wholesale costs and other costs.

1.7. Wholesale prices are volatile. Suppliers therefore buy much of their energy requirement over a period of time (hedging) to reduce the effect of large changes in the wholesale price. This helps suppliers to smooth costs and provides them with more certainty over future costs. Wholesale prices on any given day are therefore not a good indicator of suppliers' wholesale costs, nor are short term products such as within-day or day-ahead products. We use wholesale energy price data up to and including 7 March 2011 in this report.

1.8. We estimate the relationship between wholesale prices and suppliers' wholesale energy costs. Our analysis is based on forward looking wholesale costs. It estimates the expected cost of supplying energy to a customer for the next year at each point in time, based on pricing information available at that time. Costs are based on buying seasonal and quarterly products in electricity and gas, respectively.

1.9. We have estimated costs based on a range of different hedging strategies. These strategies draw on information provided to us as part of the Energy Supply Probe. Our model shows what we believe to be generally representative of wholesale costs across the industry. However, it is important to note that hedging strategies may vary between suppliers and suppliers may change their strategies over time in reaction to market conditions.

1.10. Firms operate a range of trading strategies, including purchasing energy internally and on long-term contracts. By using market-based prices to estimate wholesale costs, we are pricing energy at the price which firms are able to sell the energy at on the wholesale market[4].

1.11. The actual weighted average cost of electricity and gas could be different from this if companies purchase energy internally from their upstream generation business at a price different from the prevailing market price. Any margin made on energy bought below market prices would mean an equivalently lower margin in the generation business.

1.12. In Appendix 2 we present costs based on our 12, 18 and 24 month hedging strategies. In the report we choose a central hedging strategy where costs are based on firms starting to purchase energy 18 months ahead of time t. Figures 2.1 and 2.2 in Appendix 2 show how wholesale costs vary with alternative hedging strategies. The alternative hedging strategies shown are:

- Firms start to purchase energy 12 months ahead of time t;
- Firms start to purchase energy 18 months ahead of time t; and
- Firms start to purchase energy 24 months ahead of time t.

1.13. Prices are weighted to take account of seasonal consumption trends (by quarter for gas and by season for electricity). For electricity, wholesale costs include both losses and our proxy for shaping costs. Wholesale energy cost is calculated by averaging forward electricity and gas product prices over the buying period, assuming a constant rate of purchase.

1.14. The wholesale cost model calculates wholesale costs on a quarterly basis. We convert these values into a monthly series by taking a straight line average between quarterly points.

**Other supply costs**

1.15. The components of other supply costs are network charges (transmission and distribution), balancing costs, meter costs, RBD costs, environmental costs (Energy Efficiency Commitment – EEC, Community Energy Savings Programme -CESP, Carbon Emissions Reduction Target – CERT, and Renewables Obligation Certificates – ROCs), other direct costs such as social tariffs and VAT. Note that electrical losses and shaping costs are included within the wholesale cost of electricity.

1.16. Other costs are the expected costs over the next 12 months. For example, suppliers' costs for the year from March 2011 will capture the additional cost of the extended CERT scheme introduced from April 2011.

[4] Formally this is known as an opportunity cost methodology.

**Gross Margin**

1.17. Gross margin is calculated as the difference between the average customer bill and the sum of wholesale costs and other supply costs.

**Net margin**

1.18. The net margin is calculated as the difference between gross margin and operating costs. Operating costs include customer service staffing, IT, sales and marketing, billing and bad debt costs.

1.19. Detailed operating cost data was collected from the Big 6 as part of the Energy Supply Probe for the period 2005 to 2007. We have recently updated our operating costs based on information provided to us by the Big 6 in connection with our Retail Market Review. We produce weighted average operating costs for electricity and gas based on the market shares of the Big 6 (on a customer numbers basis) to represent the operating costs of a typical supplier. This is consistent with our method of calculating the average retail bill.

**Figure 3.2: Summary of changes to our calculations since the last report**

| **Updates** | **Source** |
|---|---|
| Operating costs updated | Information request |
| Meter costs updated | Information request |
| Customer numbers updated | Datamonitor |
| CESP assumptions updated | DECC |

# Appendix 4 – The Authority's Powers and Duties

1.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority ("the Authority"), the regulator of the gas and electricity industries in Great Britain. This appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

1.2. The Authority's powers and duties are largely provided for in statute (such as the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Acts of 2004, 2008 and 2010) as well as arising from directly effective European Community legislation.

1.3. References to the Gas Act and the Electricity Act in this appendix are to Part 1 of those Acts.[5] Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This appendix must be read accordingly.[6]

1.4. The Authority's principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems. The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases and in the security of the supply of gas and electricity to them.

1.5. The Authority is generally required to carry out its functions in the manner it considers is best calculated to further the principal objective, wherever appropriate by promoting effective competition between persons engaged in, or commercial activities connected with,

- the shipping, transportation or supply of gas conveyed through pipes;
- the generation, transmission, distribution or supply of electricity;
- the provision or use of electricity interconnectors.

1.6. Before deciding to carry out its functions in a particular manner with a view to promoting competition, the Authority will have to consider the extent to which the interests of consumers would be protected by that manner of carrying out those functions and whether there is any other manner (whether or not it would promote

[5] Entitled "Gas Supply" and "Electricity Supply" respectively.
[6] However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

competition) in which the Authority could carry out those functions which would better protect those interests.

1.7. In performing these duties, the Authority must have regard to:

- the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- the need to secure that all reasonable demands for electricity are met;
- the need to secure that licence holders are able to finance the activities which are the subject of obligations on them[7]; and
- the need to contribute to the achievement of sustainable development.

1.8. In performing these duties, the Authority must have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.[8]

1.9. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

- promote efficiency and economy on the part of those licensed[9] under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
- protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity; and
- secure a diverse and viable long-term energy supply, and shall, in carrying out those functions, have regard to the effect on the environment.

1.10. In carrying out these functions the Authority must also have regard to:

- the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- certain statutory guidance on social and environmental matters issued by the Secretary of State.

1.11. The Authority may, in carrying out a function under the Gas Act and the Electricity Act, have regard to any interests of consumers in relation to communications services and electronic communications apparatus or to water or

[7] Under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Acts in the case of Electricity Act functions.
[8] The Authority may have regard to other descriptions of consumers.
[9] Or persons authorised by exemptions to carry on any activity.

sewerage services (within the meaning of the Water Industry Act 1991), which are affected by the carrying out of that function.

1.12. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation[10] and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

[10] Council Regulation (EC) 1/2003.

# Appendix 5 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Please add any further comments?

1.2. Please send your comments to:

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