

OFGEM AND GECC: JOINT WORKING ARRANGEMENTS

The Utilities Bill places the consumer at the heart of the new regulatory regime for gas and electricity. Fundamental to this will be a sound, coherent working relationship between the Gas and Electricity Markets Authority and the Gas and Electricity Consumers' Council. As a first step, we are pleased to present this draft of the Memorandum we are required to agree under Clause 6 of the Utilities Bill.

The Memorandum has been drafted so as to allow a flexible, constructive working relationship to develop between our two bodies. It allows for more detailed working arrangements, procedures and standards to be drawn up to implement the spirit of the Memorandum. Joint teams are already working on these.

We will revise the draft Memorandum to take account of comments and changing circumstances. In particular we will take account of any comments we receive, amendments to the Utilities Bill and any other developments.

Ann Robinson **Callum McCarthy**
Chair Designate **Director General**

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DRAFT MEMORANDUM

Introduction

The Utilities Bill 2000 establishes the Gas and Electricity Markets Authority and the Gas and Electricity Consumer Council.

Clause 1 of the Utilities Bill creates the Gas and Electricity Markets Authority (referred to as 'the Authority'). The purpose of the Authority is to protect the interests of consumers of gas and electricity by promoting effective competition in supply, generation, transmission and distribution where appropriate.

Clause 2 of the Utilities Bill creates the Gas and Electricity Consumer Council (referred to as 'the Council'). The purpose of the Council is to provide and publish advice and information on matters affecting gas and electricity consumers, represent the views of consumers and investigate consumer complaints.

Recognising that the responsibilities and functions of the two bodies overlap in certain areas, Clause 6 of the Utilities Bill calls on the Council and the Authority to make arrangements with a view to securing:

- a. co-operation and exchange of information between them
- b. consistent treatment of matters which affect both of them.

Clause 6 of the Utilities Bill further states that the Council and the Authority shall jointly agree a Memorandum that sets out the agreed arrangements.

The Council and the Authority recognise the need to work together closely if we are to achieve our joint aim of protecting the interests of consumers effectively. This document sets out the framework within which the relationship between our two bodies will develop.

The Council and the Authority agree that more detailed working arrangements will be put in place, and adapted from time to time, in the light of circumstances and the changing needs of consumers and the industry. We further agree that these arrangements will be published to give consumers a clear picture of the respective functions and responsibilities of our two bodies.

The joint aims of the Council and the Authority in drawing up this agreement are to:

- a. establish a sound basis for providing a coherent and effective service to consumers of gas and electricity;
- b. minimise duplication of effort by agreeing a division of tasks wherever appropriate;
- c. enhance each other's ability to fulfil our respective statutory functions;
- d. ensure that information is shared, subject to any limits imposed by statute or by the need to respect personal and commercial confidentiality;
- e. ensure consistent treatment of matters in those areas in which we have overlapping responsibilities;
- f. foster mutual understanding and good relations generally between our two bodies.

With these joint aims in mind, and in the light of the provisions of the Utilities Bill, the Council and the Authority have made agreements in the following areas of our joint responsibility.

Fostering good working relations

Members of the Council and the Authority agree to hold joint meetings from time to time and at least once a year. In addition the Chairman of the Council and the Chairman of the Authority agree to meet on a regular basis to review matters of concern to consumers generally and in particular the working of this Memorandum. We further agree to review this Memorandum once every two years, and at other intervals as necessary to take account of developments.

We agree to identify contact points for the exchange of information and communication and to set appropriate standards of performance for these contacts.

We agree to take all reasonable steps to ensure that wherever possible the Council and the Authority will facilitate the ability of the other to operate effectively. Furthermore, we agree to consult each other on matters of common interest and common concern.

Exchanging forward work programmes

Recognising the importance of co-ordinating work programmes, we agree to consult each other regarding the timing and content of our forward work plans, to be prepared in line with Clause 4 of the Utilities Bill.

Handling consumer complaints

We agree that the Council is the main agency for handling complaints where the consumer has approached the company and remains dissatisfied.

Therefore, in line with Clause 20 of the Utilities Bill, we agree to establish working procedures and service standards to ensure efficient and effective administration and communication in dealing with:

- a. consumer complaints
- b. referral of enforcement and determination matters arising from those complaints.

We further agree to establish overall standards of service relating to complaint handling and referral of enforcement and determination matters, and to publish these standards as necessary.

We agree that the Authority will inform the Council of action it has taken to ensure that the Council is aware of the implications it may have in relation to complaint handling.

Reviewing performance

Officials of the Council and the Authority agree to meet on a regular basis to review matters of concern to consumers including:

- a. the performance of companies in the gas and electricity market
- b. companies' compliance with their licence conditions
- c. customer complaints
- d. standards of service
- e. codes of practice
- f. services to older people and the disabled.

Exchanging information

Building on the provisions set out in Clauses 21 and 23 of the Utilities Bill, we agree to share information necessary for us to be able to carry out our respective functions in a proper manner. In this context, we agree to respect any relevant personal or commercial confidentiality.

As far as reasonably practicable, we agree to co-ordinate requests for information from licensees so as to avoid unnecessary duplication. We agree to identify in advance information required on a regular basis, such as that which relates to common areas of monitoring.

We agree, wherever possible, to give each other reasonable notice of information required from each other.

Comments on this draft Memorandum should be sent to Nikki Abraham at Ofgem (0207 932 5860) and Wendy Davies at the Energy Council Task Force (0207 960 6378)

10.02.2000