

Press Release

ENERGY COMPANIES FACE POSSIBLE FINES IF THEY FAIL TO DELIVER ENERGY EFFICIENCY HELP FOR CONSUMERS

- **Energy companies face possible fines if they fail to meet their targets by December 2012**
- **Companies to be incentivised to continue to deliver energy savings as soon as possible beyond December deadline so consumers don't miss out**
- **Ofgem acting to ensure consumers get the benefits that companies have signed up to deliver as quickly as possible.**

Ofgem today warns energy suppliers and generators that they face the risk of enforcement action and fines if they fail to deliver Government-set targets to install energy efficiency measures for consumers.

The Community Energy Saving Programme (CESP) and the Carbon Emissions Reduction Target (CERT) were set up by the Department of Energy and Climate Change (DECC) to deliver energy saving measures to domestic customers. DECC gave Ofgem the powers to ensure these schemes are delivered by the industry, but Ofgem does not set policy for these schemes.

In an open letter published today, Ofgem sets out its priority: to protect consumers' interests and ensure that companies are incentivised to deliver benefits to consumers. Ofgem will consider investigating and taking possible enforcement action against companies who do not meet their targets. Companies should not be able to benefit from non-compliance.

Ofgem will take into account additional energy saving measures installed after the 31st of December as mitigation against future enforcement action, such as possible fines. This incentivises companies who fail to meet their obligations to continue to deliver for vulnerable consumers, while still holding them to account for their obligations. Otherwise suppliers may stop at the end of the December and just face enforcement action.

Stuart Cook, Managing Director of Ofgem E-Serve, said: "Today's message to companies and generators is clear, if you fail to comply with your CERT and CESP obligations by the December deadline you risk investigation and a possible fine."

"But, focusing on financial penalties alone will not deliver benefits for consumers. That is why we will take account of late delivery of scheme measures. By doing this we are giving companies likely to fail their targets every incentive to do the right thing by the public and the environment and to keep delivering energy efficiency help for consumers."

Ends

Notes to editors:

1. Today's [letter](#) can be found on the Ofgem website.
2. The Carbon Emissions Reduction Target ([CERT](#)) and the Community Energy Saving Programme ([CESP](#)) targets are set by the Department of Energy and Climate Change (DECC). Ofgem administrates the two schemes while DECC remains responsible for their policy. Ofgem's role includes calculating the individual obligations of qualifying energy companies, reporting to the Secretary of State and initiating enforcement action where appropriate. More information on the two programmes is available on Ofgem's website.
3. Ofgem will report to the Secretary of State by the 31 April 2013 on obligated parties' (qualifying energy companies) achievement of the obligations. Obligated parties progress to April 2012 and December 2011 respectively are available on our website in the [CERT Annual Report](#) and [CESP Annual Report](#). Overall progress is also included in the CESP biannual update and CERT quarterly update which show the average figure for all obligated parties, this will be published on 25 Sept 2012.
4. The legislation is clear that obligated parties must achieve their obligations under the CESP and CERT Orders by 31 December 2012. If an obligated party fails to meet its target then Ofgem would consider enforcement action after that date. Ofgem has powers which include imposing significant financial penalties of up to 10% of an obligated party's annual turnover, following an investigation. Under current rules consumers would not directly benefit from any fine imposed on suppliers, however DECC is consulting on giving Ofgem redress powers.
5. Ofgem takes decisions about its approach to potential enforcement in accordance to its Enforcement Guidelines. These include ensuring that action is proportionate and targeted. The assessment includes the steps taken by a company to try and comply and to mitigate the impact of non compliance. Ofgem's enforcement approach can be found on our website - [Enforcement Guidelines on Complaints and Investigations 2012](#).
6. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

For further press information contact Ofgem:

Felicity Beverley 020 7901 3858
Rory Edwards 0207 7901 7246
Mark Wiltsher 020 7901 7006

