

Regulatory Policy Institute
Coherence and Stability in Regulatory Policy
David Gray

25 April 2014

ofgem

25% put up with "unacceptably cold" homes in the past year as they struggle to pay bills.

38% concerned about how they will pay for their heating bills.

Almost three-quarters believe the UK's energy costs are unreasonable, and 69% said the firms should be nationalised.

**Prove that you're
not ripping us off
energy firms told**

The Times

**Energy firms are now raking in
£53 profit from every customer**

Daily Mail

**Ofgem denies being
'toothless tiger'
over energy prices**

Guardian

The power cowards - MPs grill energy firms

The Sun

**Watchdog in the dark
on power rip-off**

Daily Mirror

**Sixfold rise in profits fuels
anger at energy companies**

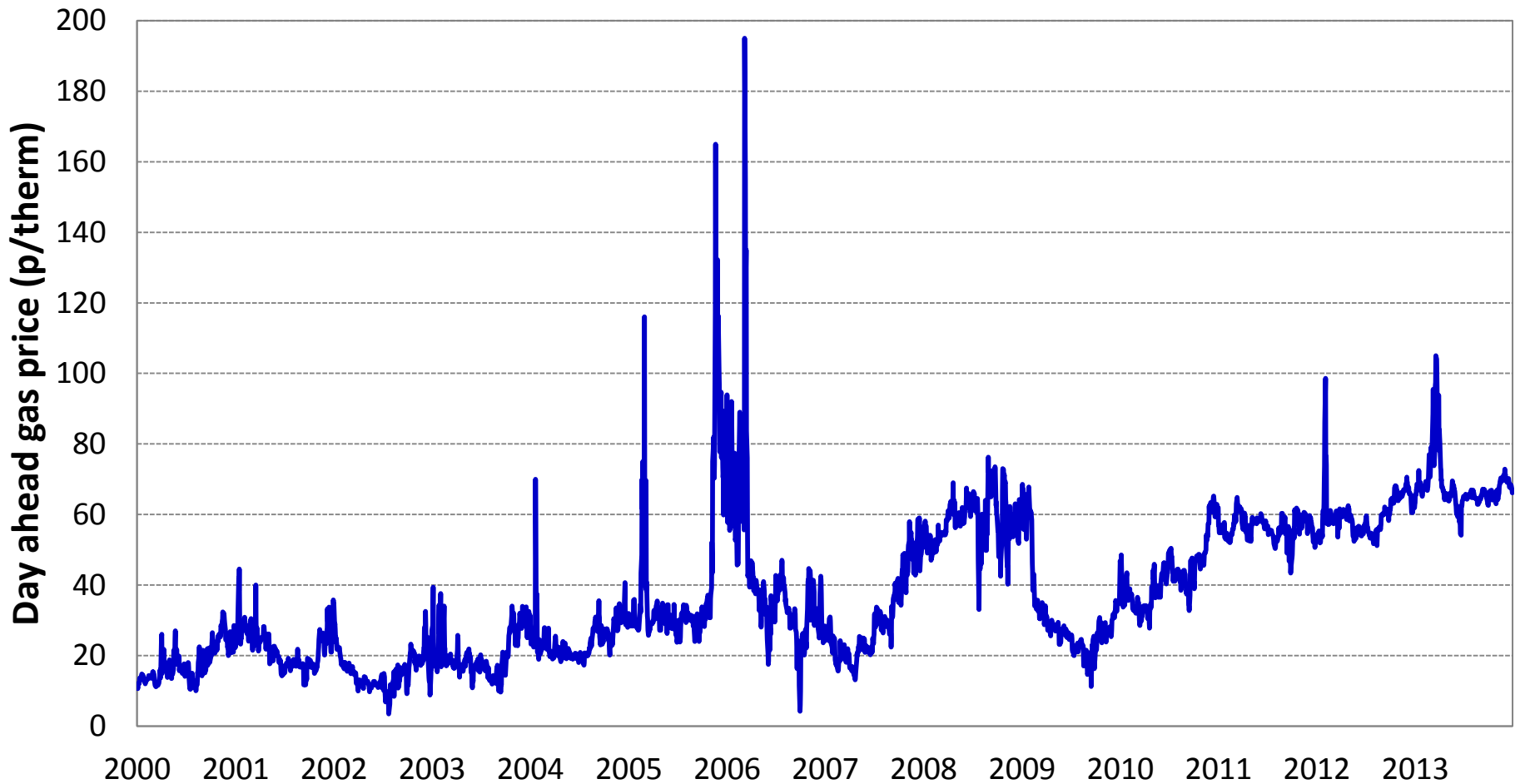
The Times

What's changed since 2007?

- Energy Prices
- Energy Company Performance
- Role of government
- Role of Ofgem

Wholesale Gas Price 2000-2013

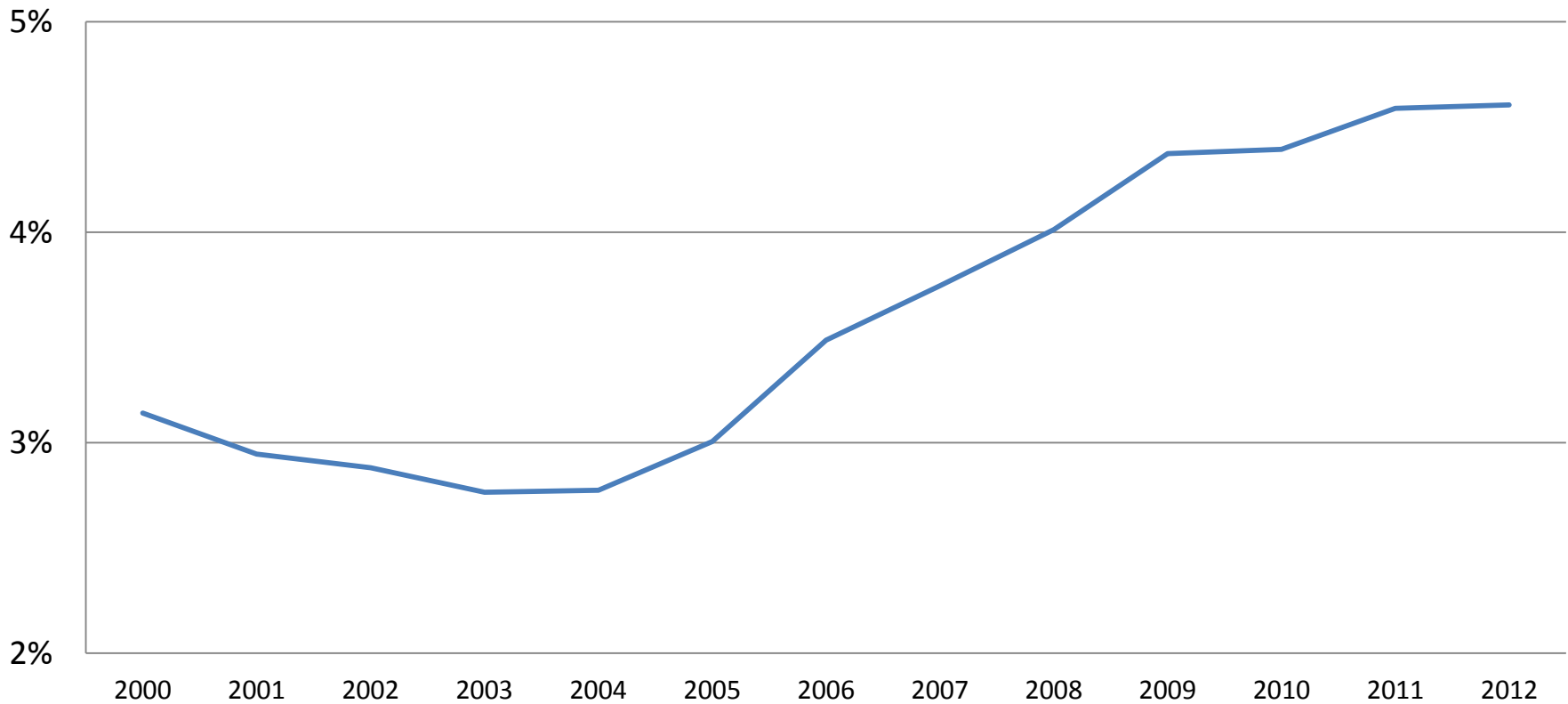
Wholesale Gas Price 2000 – 2013 (day ahead gas prices (p/therm))



Source: ICIS Heren

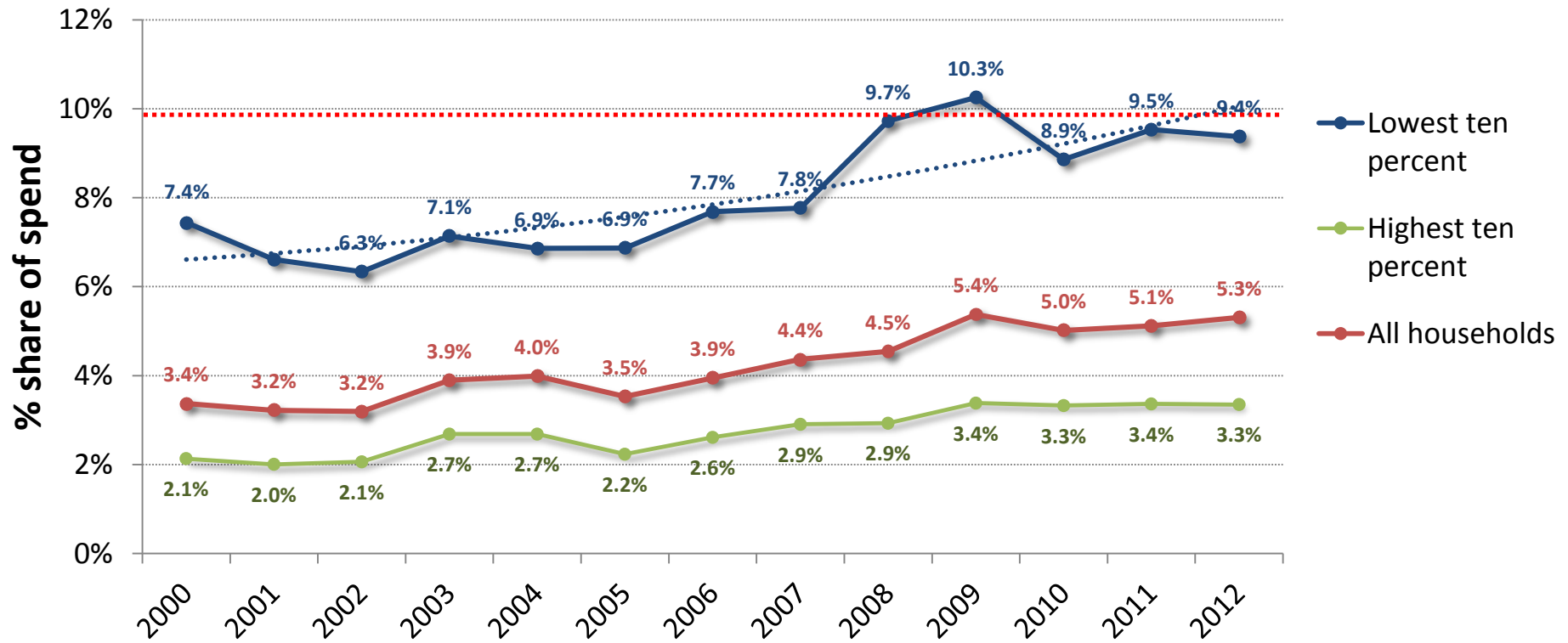
Average Weekly Household Energy Expenditure 2000-2012

Average Weekly Household Expenditure on Fuel, Light and Power as a % of all Goods (including housing costs)



Average Weekly Household Energy Expenditure by income deciles 2000-2012

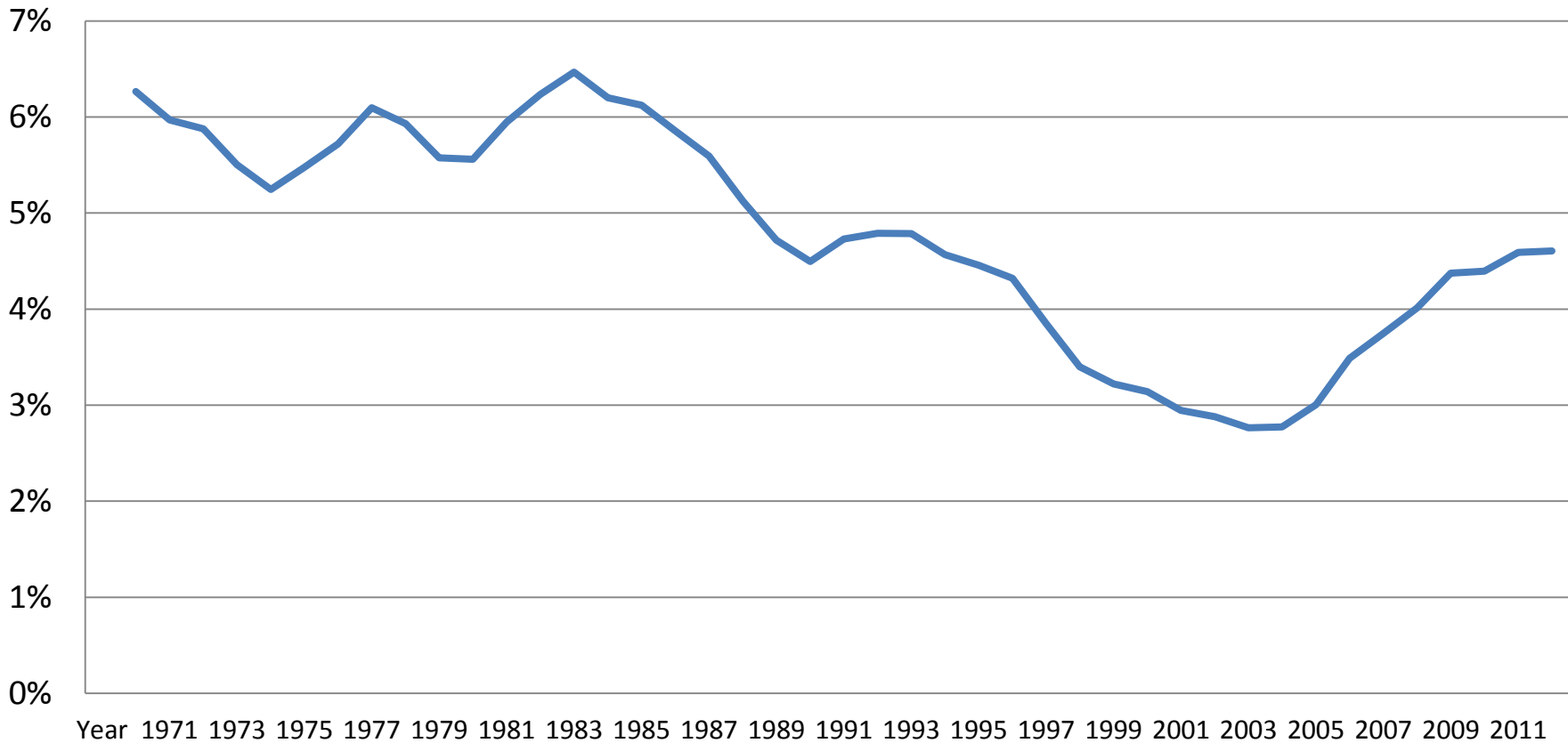
Average Share of Gas and Electricity in Weekly Household Spend (Excluding Housing Costs) by Income Deciles, %



Source: ONS "Family Spending", various releases (1993-2013); own calculations. The survey covers around 5,000 households across the UK. Data are for gross income deciles. Weekly expenditures exclude housing costs (rent, mortgage interest and council tax).

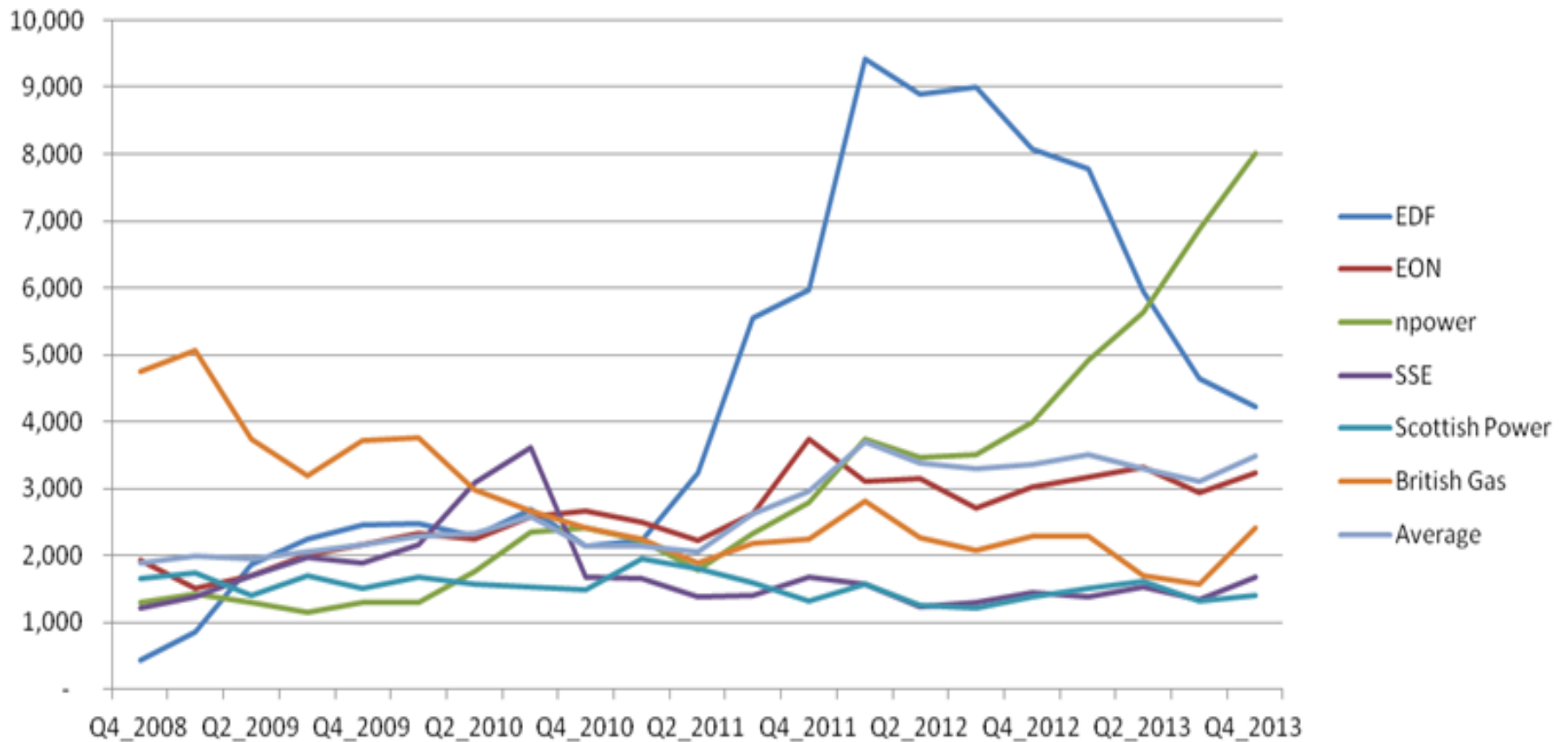
Average Weekly Household Energy Expenditure 1970-2012

Average Weekly Household Expenditure on Fuel, Light and Power as a % of all Goods (including housing costs)



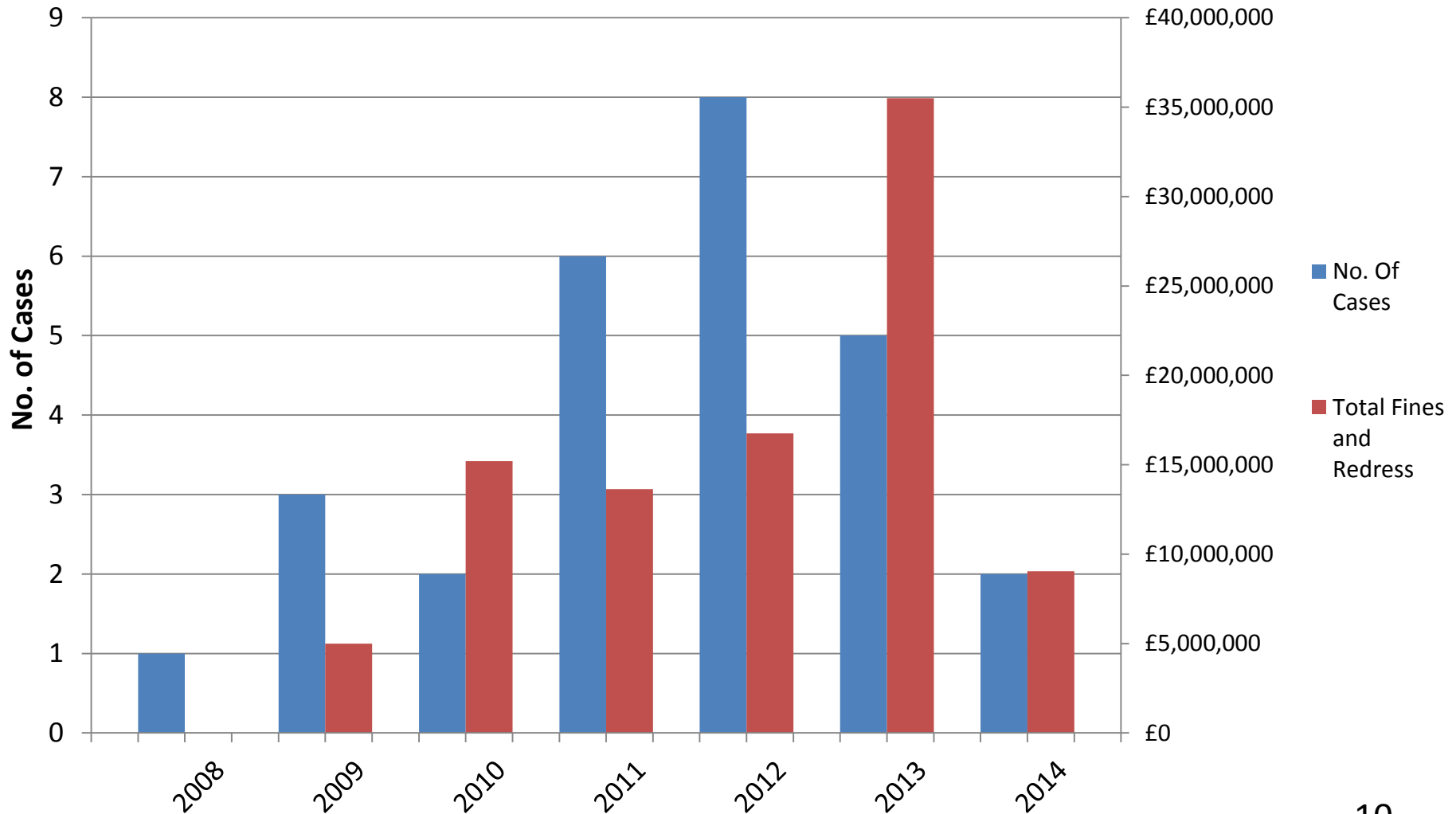
Customer Complaints 2008-2013

**Complaints received per 100k customer accounts
Q4'2008-Q4'2013**



Enforcement Action 2008-2014

No. of Cases and Total Fines and Redress



- The principle objective...is to protect the interests of consumers...wherever appropriate by promoting effective competition...
- Before deciding to carry out functions...with a view to promoting competition...the Authority shall consider...whether there is any other manner...in which...the Authority...could carry out those functions which would better protect those interests.

- **Networks** - Business as usual
- **Networks** - Network codes and agreements
- **Markets** - Promoting competition
- **Markets** - Standards of Conduct and Enforcement

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