

Ofgem's Simplification Plan 2008-2009

1.1. Ofgem is committed to the principles of better regulation and we are continually seeking to improve our efficiency and effectiveness. As a part of this, and in response to the Government's drive to reduce regulatory burdens while ensuring consumer protection, we published our first Simplification Plan in March 2006.

1.2. We set out below our latest Simplification Plan that outlines the work that we will undertake in 2008-09 under the banner of better regulation.

Process initiatives

| Initiative | Outcome | Current status/ milestone |
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| Review Ofgem's approach to Impact Assessments | Ensure that the costs and benefits of our proposals continue to be adequately considered, that solutions remain fit-for-purpose and alternatives are given sufficient consideration | Consulted on revised guidance. We will introduce the revised guidance in spring 2008 |
| Review Ofgem's approach to enforcement | Ensure that our approach is proportionate to the risk to consumers from non-compliance | We published our revised guidance in September 2007. We will review how the new approach is working in 2008 |
| Ofgem RPI-3 cost control for the period 2005-10 | Improve Ofgem's internal efficiency. Savings will benefit licensees via reduced fees | We have so far beaten our target and as a result reduced the licence fees payable in 2006-07 and 2007-08 by an additional £2.9 million and £0.6 million respectively |
| <i>Consumer First</i> project: to improve our engagement with the priorities of domestic consumers | Better understanding of the domestic consumer's perspective, especially on sustainability issues | Ongoing. The focus in 2008 will be on vulnerable customers and attitudes to the environment. We have commissioned research on electricity distribution issues and green tariffs |
| Memorandum of Understanding with other EU Member State gas regulators | Promote closer working by national regulators on cross-border issues, to the benefit of customers | We have signed the Memorandum and it took effect in October 2007 |

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| <p>Project Paperless:</p> <p>Establishment of an Editorial Board to with remit to include:</p> <ul style="list-style-type: none"> - a review of the quality and quantity of print and electronic publications; and - a review of the success of Project Paperless and to consider options for a second phase to the project | <p>Benefits all stakeholders who will need to spend less time and effort working through Ofgem documents</p> | <p>Implemented from December 2007. We will review effectiveness in 2008.</p> |
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Policy initiatives

| Initiative | Outcome | Current status/ milestone |
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| <p>Industry Code governance review: to consider whether improvements can and should be made to the existing code arrangements in electricity and gas</p> | <p>We will examine whether the code arrangements can be improved and whether there are any unnecessary regulatory burdens that can be removed</p> | <p>In November 2007 we published a letter seeking views on the scope of the review. We will set out the scope for this review by June 2008.</p> |
| <p>Creating a Uniform Network Code for independent Gas Transporters</p> | <p>Reduced the burden imposed by the need for stakeholders to deal with multiple documents</p> | <p>Implemented on 1 May 2007</p> |
| <p>Supply licence review</p> | <p>Significantly reduced administrative burden and compliance costs for suppliers. Reduced entry barriers. Benefits suppliers and customers</p> | <p>Implemented. The supply licence is half the length it was. We are monitoring the effects of the changes and will conduct a post-implementation review in relation to gas safety</p> |
| <p>Advise the Government on implementing the Energy Services Directive</p> | <p>Seek to influence the Government so that implementation is consistent with better regulation principles</p> | <p>Discussions ongoing</p> |
| <p>Streamlined approach to the 2010-15 electricity distribution price control</p> | <p>Reduced administrative burden for electricity distribution businesses</p> | <p>Take forward in 2008</p> |
| <p>Review the electricity distribution licences</p> | <p>Ensure that they remain fit for purpose</p> | <p>Consulted on proposals in October 2007. Workshop held in late November. Expected to complete in June 2008</p> |

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| Review the gas distribution licences | Ensure that they remain fit for purpose | Likely to take forward in 2009-10 |
| New, simplified reporting regime for gas distribution quality of service | Reduced administrative burden for gas distribution businesses | Take forward as part of the gas distribution price control review |
| Engineering standard P2/6: introducing simpler compliance arrangements | Distribution licensees will self-regulate their compliance for demand groups up to 60MW | New arrangements implemented March 2007. Derogation from licence condition to enable two-year trial and subsequent Ofgem review. If trial is successful, we will seek to make this permanent |