



Making a positive difference
for energy consumers

Direct Dial: 0203 263 2797

Email: Zak.Rich@ofgem.gov.uk

Date: 29 July 2022

New Nuclear Projects team
Department for Business, Energy and Industrial Strategy (BEIS)
3rd Floor, 1 Victoria Street
London, SW1H 0ET

Dear New Nuclear Projects team (BEIS),

Ofgem's response to the consultation on the *Revenue stream for the Nuclear RAB model*.

We welcome the opportunity to respond to the consultation on the revenue regulations relating to the implementation of the nuclear RAB model revenue stream (the Regulations). In the interests of transparency, we request that BEIS publish this letter which sets out our full response.

Ofgem regulates the gas and electricity markets in Great Britain. Our principal objective is to protect the interests of current and future gas and electricity consumers. The Nuclear Energy (Financing) Act, which achieved Royal Assent on 31st March 2022, formally extends our statutory duties to cover designated nuclear RAB licensees. We continue to provide advisory support to the Department of Business Energy and Industrial Strategy (BEIS) on the development of an economic regulatory regime for nuclear RAB licensees.

As stated in our forward work program¹, Ofgem is committed to the delivery of a greener, fairer and more resilient energy system. This supports the Government's legally binding target to bring greenhouse gas emissions to net zero by 2050.²

¹ <https://www.ofgem.gov.uk/publications/202223-ofgem-forward-work-programme#low-carbon%20infrastructure>
² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1033990/net-zero-strategy-beis.pdf

In relation to information sharing (consultation questions 4 and 5), Ofgem recognises the need for including information sharing powers in the Regulations. Our view is that these should be used appropriately and efficiently. In general, we consider that where information gathering or sharing powers are used they should take into account the need for both transparency and proportionality. Ofgem therefore supports the view that Regulations can be kept streamlined and not include specific details around information sharing on the basis that the RAB licence, revenue collection contract and/or any agreement between the relevant parties will be intended to specify the details around the ongoing exchange of information between relevant parties, with the general provision in the regulations being relied upon only in exceptional circumstances.

With regard to notice periods to suppliers (consultation questions 6, 7 and 8), Ofgem trusts that BEIS will conduct sufficient analysis and engagement with suppliers to minimise risks, impact and unnecessary disruption on suppliers and the wider energy market. Both current and future energy market circumstances will need to be considered to ensure market stability. The UK energy market is diverse and consists of suppliers of different sizes, operating principles and needs. Therefore, it is vital that this engagement exercise includes sufficient representation from the whole UK energy supplier market.

As to potential measures relating to vulnerable groups and consumers (consultation questions 16 and 17), Ofgem welcomes BEIS's commitment to protect vulnerable consumers holistically. However, specific details on how this will be achieved have not been provided at this stage. Recent cost of living pressures highlight the importance of ensuring new policies and regulations are designed with consumer interests in mind. Ofgem trusts that BEIS will continue to work and engage with all relevant parties and their representatives including consumers, regulators, suppliers and other parts of government to ensure consumer impacts are assessed, any adverse impacts identified and minimised, and that current and future vulnerable consumers are protected.

In response to this letter, if you would like to discuss further, please contact my colleague Pablo.Romero@Ofgem.gov.uk or on 020 7901 7000.

Yours Sincerely,

Zak Rich

Deputy Director, Low Carbon RAB