ENERGY MARKET INVESTIGATION

Summary of meeting between the CMA energy market investigation group and senior Ofgem officials on 13 April 2016

Introduction

1. Ofgem welcomed the Competition and Markets Authority’s (CMA’s) provisional remedies. There were some issues which needed to be addressed, but these were not major or substantive issues.

Database remedy

2. Ofgem noted that there had been a large number of suggestions given by parties around changes to the detail of the proposed database remedy. Ofgem noted that it might therefore be appropriate to trial the database prior to it being rolled out nationally. Ofgem noted that the messages consumers would receive about the database could also be trialled, as could the approach in terms of whether these messages should come from suppliers or Ofgem itself.

3. Ofgem recognised that a balance needed to be struck between carrying out trials and implementing any proposed remedies in a timely manner. It would look to carry out any trials in line with the CMA’s targets for implementation.

Governance remedies

4. Ofgem noted that it would be happy to assume a higher profile role in commenting on government energy policy. Ofgem wanted to understand more from the CMA about what it saw as being the scope and extent of Ofgem’s involvement in commenting on energy policy.

Retail – Retail Market Review remedies

5. Ofgem agreed with the CMA’s provisional findings about the Retail Market Review (RMR) rules. The CMA’s proposals to reduce the level of prescriptive rules in this area were in line with Ofgem’s stated objective of moving towards principles-based regulation.
6. Ofgem noted that it would have to undertake its own statutory consultation on changes to the RMR rules.

**Retail – randomised controlled trials**

7. Ofgem was in favour of this remedy proposal. It noted that suppliers’ cooperation would be important.

**Project Nexus**

8. Ofgem noted that a robust delivery programme for Project Nexus was needed. Ofgem would keep the CMA informed of further developments relating to the ongoing implementation program.

**Financial reporting**

9. Ofgem was broadly supportive of the CMA’s proposals in this area. It stressed the importance of clearly explaining the purpose of the proposed approach.

**Prepayment price cap remedy**

10. Ofgem expressed support for the CMA’s general approach to the proposed prepayment price cap remedy and noted its temporary nature.

**Next steps**

11. Ofgem and the CMA agreed to continue to discuss aspects of the CMA’s proposed remedies package in the run-up to the CMA’s final report.