



David Gray
Chairman
The Gas and Electricity Markets Authority
9 Millbank
London SW1P 3GE

www.gov.uk/decc

16 July 2014

Dear David,

Amending the Ownership Unbundling Provisions of the Electricity Act 1989 and Gas Act 1986

This Government is committed to investment and growth and to removing any unnecessary barrier to investment.

We have now observed the implementation and enforcement of the Electricity and Gas (Internal Market) Regulations 2011 for some time and have learned from the practical experience both in the UK and other European countries. In addition, we have listened to a number of stakeholders and yourselves and I think that there is a risk that the existing GB ownership unbundling requirements might constrain investment in the UK.

This Government wants to see an energy market that delivers the investment we need to meet our objectives, supports economic growth and has the confidence of market participants. It is therefore timely to consult on amending the current GB ownership unbundling provisions to support investment. This will be done in a way that:

- Still meets the requirements of the EU Directives by maintaining ownership unbundling as the default model;
- prevents the discrimination that might be caused by the common control of networks and interests in power generation, gas production and electricity and gas supply, but does not unduly restrict ownership arrangements where there is no real likelihood of discrimination; and
- does not create uncertainty for those already certified.

Next Steps

My officials will work with yours over the summer to develop the draft regulations and publish a call for comments in the Autumn with the intention of the new regulations coming into force in early 2015 (subject to the will of Parliament).

I look forward to working with you and all interested parties in due course.

Yours,

EDWARD DAVEY

Last year, the Commission published guidance on how it interprets unbundling requirements in the Directive; this will help us in this work.