



Ofgem Review

Energy Affordability and Consumers
Department for Energy Security and Net Zero
5th Floor
3-8 Whitehall Place
London
SW1A 2AW

By email: Ofgem_Reform@energysecurity.gov.uk

Uniper UK Limited
Compton House
2300 The Crescent
Birmingham Business Park
Birmingham B37 7YE
www.uniper.energy

Registered in
England and Wales
Company No 2796628

Registered Office:
Compton House
2300 The Crescent
Birmingham Business Park
Birmingham B37 7YE

A Review of Ofgem: A Call for Evidence

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About Uniper

Düsseldorf-based Uniper is a European energy company with global reach and activities in more than 40 countries. With approximately 7,400 employees, the company makes an important contribution to security of supply in Europe, particularly in its core markets of Germany, the UK, Sweden and the Netherlands.

Uniper's operations encompass power generation in Europe, global energy trading, and a broad gas portfolio. Uniper procures gas—including liquefied natural gas (LNG)—and other energy sources on global markets. The company owns and operates gas storage facilities with a total capacity of more than 7 billion cubic meters.

Uniper intends to be completely carbon-neutral by 2040. Uniper aims for its installed power generating capacity to be more than 80% zero-carbon by the early 2030s. To achieve this, the company is transforming its power plants and facilities and investing in flexible, dispatchable power generating units. Uniper is already one of Europe's largest operators of hydropower plants and is helping further expand solar and wind power, which are essential for a more sustainable and secure future. The company is progressively expanding its gas portfolio to include green gases like hydrogen and biomethane and aims to convert to these gases over the long term.

Uniper is a reliable partner for communities, municipal utilities, and industrial enterprises for planning and implementing innovative, lower-carbon solutions on their decarbonisation journey. Uniper is a hydrogen pioneer, is active worldwide along the entire hydrogen value chain, and is conducting projects to make hydrogen a mainstay of the energy supply.

In the UK, Uniper owns and operates a flexible generation portfolio of power stations and a fast-cycle gas storage facility.

Call for Evidence response

Our views in summary:

- For Ofgem to be effective, it must be independent from political interference and make decisions in line with its duties and responsibilities set out by parliament.

- Those duties should be prioritised to assist Ofgem in making timely decisions focusing on its core role as an economic regulator.
- Ofgem should not be given additional enforcement powers over activities it does not license.
- Ofgem must continue to balance the interests of current and future customers, by enabling investable and competitive markets.

Consultation questions

Legal Mandate

We are seeking views on what Ofgem's mandate should be.

We do not see a need for any significant change to Ofgem's legal mandate.

Duties

We are seeking views on whether Ofgem's duties should be streamlined, and if they should, views on which goals might be prioritised.

The duties of Ofgem should be prioritised. As we highlighted in our response¹ to the Strategy and Policy Statement (SPS) for Energy Policy in Great Britain Consultation in July 2023, Ofgem frequently faces decisions that have tensions between its statutory duties. The SPS offers no guidance on how Ofgem should balance conflicting tensions which may lead to delay and inaction, in some cases.

Parliament in setting Ofgem's duties and responsibilities could also give guidance on priorities, or there could be an obligation on GEMA to prioritise and a process for parliamentary scrutiny/ guidance. Having clear priorities would assist Ofgem in making swift decisions. It is also important that the regulator maintains its independence from government and retains the right to not implement government policy if, in practice, doing so would not be aligned with Ofgem's duties. Guaranteed independence from government helps avoid the risk of potential political intervention, which would increase regulatory uncertainty and risk in the energy market.

Ofgem should prioritise ensuring properly functioning markets that are both investable and competitive, as the most effective way to protect the interests of future and existing consumers.

Transparency and accountability

We are seeking views on making more detailed information available about energy company performance and behaviour, and how this might assist other licensees and consumers.

We do not have any specific concerns about the transparency of Ofgem decisions. Ofgem publishes all of its decisions on its website. In the main, these decision documents contain all relevant information and the reasons for decisions. It is important that Ofgem should continue to only provide detailed information at the end of an investigation if a party is found to have breached any relevant rules or regulations.

¹ <https://www.uniper.energy/media/3556/download?inline>



We are inviting views on Ofgem's annual report and the KPIs it reports against, and how to strengthen Parliamentary scrutiny of Ofgem's performance.

Ofgem's current reporting requirements appear to be fairly comprehensive. Parliament already has the necessary powers to effectively scrutinise Ofgem's performance in light of this information and will be in the best position to gauge how to exercise those powers most effectively.

Skills and capability

We are seeking views on the capabilities Ofgem needs to be an effective regulator in a more digital, fast-moving sector.

Ofgem, in common with other industry stakeholders, needs to have capable staff with detailed industry knowledge and relevant expertise, for example in functioning markets. Staff retention is an important consideration to provide the continuity and knowledge essential to effective responsive regulation in a fast-moving energy sector.

Ofgem's Regulatory Remit

Does Ofgem have the right regulatory remit? Have you observed harms caused by uncertainty over Ofgem's remit, or by gaps in what is currently regulated in the energy sector?

Ofgem has a broad and disparate regulatory remit. The Delivery and Schemes directorate delivers schemes which are important but do not need to sit with an economic regulator. There is a risk that these activities distract Ofgem's senior leadership team from focusing on its core roles.

We are seeking views on Ofgem's role in an energy system that is now, in part, driven by strategic planning following the creation of NESO, in particular, how should regulatory strategy be aligned with strategic energy plans.

Ofgem's relationship with NESO with respect to strategic planning will in the first instance be to act as a check and balance. Notwithstanding the close co-operation between government, Ofgem and NESO, Ofgem still needs to assess for itself the economic case for the strategic plans put forward. Once a consensus is reached on strategic energy plans, Ofgem has a role to ensure that the price controls of network companies and the market arrangements for other licensees remove barriers to, and enable the implementation of, the strategic plans.

There is evidence of this approach evolving during the ongoing reform of the electricity connection and queue management process.

Delivering Investment and Innovation in the Transition

We are seeking views on the role Ofgem should play to support growth and the government's industrial strategy.

Ofgem's role to support growth should be to develop market frameworks that promote investor confidence and contribute to regulatory certainty. As the government has not published its industrial strategy it is too early to make any comment.

What can Ofgem do to increase investment and innovation in the sector?



Government policy will be the main driver of increased investment and innovation. Ofgem's role should be to promote regulatory certainty and clarity, which helps support investor confidence. Regulatory intervention should only be done with a clear rationale and with evidence of the intended and likely impact, which should be assessed consistently against the test of being in the long term interests of consumers.

What might Ofgem do to support an environment of falling energy prices?

There is a natural tension between creating the investment framework to deliver the Clean Power 2030 Plan and an environment of falling energy prices, perfectly capturing the difficulty in finding a balance between the interests of present and future customers. Ofgem as an economic regulator can act to maintain an investable market. The outcome, especially in the short term at least, may not be falling energy prices.

What else might Ofgem do differently to support higher growth in the energy sector and wider economy? February 20, 2025

Are Ofgem's regulatory processes sufficiently fast, effective and user friendly?

On the whole, yes. However, decisions on Code Modifications can sometimes be lengthy and unpredictable, with decision dates shifted or delayed without obvious reasons.

Ofgem has robust powers to request information from licensees. These powers are appropriate and necessary for Ofgem to carry out its duties. However responding to these requests places an administrative burden and cost on licensees. It is therefore important that Ofgem carefully defines its information requests and can clearly articulate the value and purpose in each case. Industry has raised concerns relating to the wide scope of some recent requests for information and Ofgem has responded by simplifying and rationalising its request.

Low Carbon Technologies

We are seeking views on Ofgem's remit in enforcing consumer law in respect of low carbon technologies, such as heat pumps and solar panels, and what the appropriate boundaries might be.

Ofgem is not best placed to be the enforcer of consumer law. Consumer issues relating to activities unlicensed by Ofgem, such as the sale and installation of low carbon technologies, should be removed from Ofgem's remit, allowing Ofgem to focus on its core role as an economic regulator.

Better outcomes for consumers and more accountability

The 'better outcomes for consumers and more accountability' section therefore seeks views around increasing accountability and consumer standards in the sector.

Ofgem has a range of guaranteed standards in place for different aspects of licensees' activities. We would assume that if these schemes are correctly designed and diligently monitored and enforced by Ofgem the consumer will experience better outcomes.

Improving executive accountability and consumer standards



We are seeking views on how Ofgem can ensure consumer standards are better represented – for example with reference to other business models within the sector, such as through potentially adopting a ‘consumer duty’ and ‘Senior Management Regime’

No particular view.

Enhanced investigatory & enforcement powers to protect consumers

*We are seeking views on Ofgem having enhanced investigatory powers.
We are seeking views on Ofgem being granted enhanced enforcement powers similar to the CMA*

As we stated in our earlier answer with respect to low carbon technologies, we do not think that Ofgem should be the enforcing agency for activities it does not license.

The CMA is currently the only route of appeal for (some) Ofgem Code decisions, apart from the very limited scope of Judicial Review. If the powers and responsibilities of both Ofgem and the CMA are aligned, then there is a risk of insufficient checks and balances on Ofgem’s powers.

Approach to Penalties and Compliance Orders

We are seeking views on whether the scope and scale of Ofgem’s current penalties are set at the right level.

It’s important for investor and consumer confidence that the integrity of the penalty and compliance order regime is maintained. To achieve this there has to be confidence that a breach or non-compliance has been investigated and found proven, on a consistent basis, before a penalty is issued. There may be a case to introduce proportionate measures and timescales so that both low level and serious breaches can be processed effectively.

Increasing the costs of bad practice

We are seeking views on the current system of a maximum fine of 10% and whether it should change?

A fine of 10% of a company’s turnover is a significant penalty and sufficient deterrent to bad practice.

Quicker response to emerging issues

We are seeking views around whether this process should change to make it easier for Ofgem to create new rules to respond to emerging challenges

We are seeking views on how Ofgem might better respond, or be better equipped to respond, to emerging issues, especially for which there is not already a clear precedent

Decision making in unprecedented circumstances can be both challenging and high risk for the parties involved. Making it easier for rules to be created in these circumstances risks reputational or financial harm for all parties involved, if there are unforeseen consequences to those new rules. The Ofgem “sandbox” approach is proven to work, allowing parties to innovate without risking wider market distortions.



Supplier failure

We are seeking views on how Ofgem might be better equipped to protect consumer interests in cases of (predicted or actual) supplier insolvency and/or financial distress.

No view.

Automatic compensation

Is the current compensation framework in the energy market fit for purpose to protect consumers and ensure they receive a consistent minimum level of service?

Are consumers aware of their rights under the existing compensation framework and are eligible consumers receiving timely, appropriate redress when they do experience poor levels of service?

Are there ways in which the current compensation framework could be improved to better serve consumers? For example, are there specific issues or service areas not currently covered by the existing compensation framework where there is evidence of consumer detriment?

Are there examples of compensation frameworks in other sectors that are worth consideration in the context of the energy market?

How should Ofgem drive energy suppliers to go beyond minimum levels of service and deliver high standards of customer service?

No Uniper view on automatic compensation.

Energy Ombudsman

We are seeking views on whether there are changes that could be made to the model under which Ofgem appoints the Energy Ombudsman, to strengthen the Energy Ombudsman's ability to resolve consumer disputes.

No Uniper view on the Energy Ombudsman.

Uniper UK Limited