



“The UK’s energy market is now vertically dominated by just six companies”

## We need gas, Ofgem, not more hot air

Utilita has been forced out of the energy supply market because of the complete failure of regulators to meet their obligations to provide a secure supply of energy to the shores of the UK – further evidence that the market is simply uncompetitive. We are still an operating company, but we have no customers. Our problems, and those of the suppliers that have now gone bust, are clearly of no concern to Ofgem – small is not beautiful, just irrelevant, in their energy markets. If EDF Energy had not responded to our request to take our customers so we could exit the supply market, Utilita would also be on the scrapheap of innovation that is all that remains of most of the UK’s small suppliers.

Ofgem claims that it is at the forefront of the European energy debate, but we are surely at the back of the gas supply grid. What is the point of consultation if there is simply not enough secure gas for the UK’s needs? Over 90 per cent of domestic heating and over 40 per cent of electricity production is now gas fired, so someone in the regulatory framework should be looking far more closely at security of supply. Pointing out that everything will be fine in two years’ time is tacit recognition of failure now.

The problem is simple: we do not have enough secure gas supplies to the shores of the UK for a severe winter (even if it’s next winter) and probably not for several more to come. Our neighbours in Europe also need gas and have their own national energy arrangements, and we should not assume that we have a right to gas if we are at the end of the pipe. There may be plenty of debate but there is precious little meaningful action. The real debate will start if a cold winter brings massive disruption to the UK. As in California, the response from voters may well be swift and blunt.

Ofgem chairman Sir John Mogg says his appointment last year to the Council of European Energy Regulators “strengthens the push for a fully-liberalised competitive energy market”. I joined the energy industry in 1986 with NAM in the Netherlands and I can recall that there was a “push for a competitive European energy market” back then. Has anything really changed? Continental energy companies have a big presence in the UK, but you need to look hard to find a UK energy cham-

pion with a significant presence in continental Europe. Centrica may well be a small supplier in this new era.

National Power veterans will remember how it was forcibly broken up and was not allowed to buy Southern Electric to allow for “full competition”, but what have we got now? A quick look at markets in Spain, Germany and France puts us to shame when you consider that the UK is now vertically dominated by just six companies, one of which has over half the gas market. So we have a decimated UK energy capability and no gas – and we are the only country that has fully embraced competition and the rule of the regulator. Oh, and prices here are now far higher than in Europe. Surely the case for re-nationalisation is a strong one?

My guess is that there will be many more years of hot air from regulators and little real progress on the issues customers face today. I am all for competitive energy markets, but let’s be realistic about where we are now.

Once we have security of supply and fair prices (in 15 years perhaps, when nuclear kicks in) we should consider how best to meet customers’ needs. Energy efficiency, climate change, smart metering, customer service and fuel poverty are the tests we must pass, either inside or outside a competitive European energy market.

Energy markets should be led by energy companies producing new energy products that customers support, not by the chairman of a regulatory body. So please Sir John, take your regulators to one side and ask yourself if you should be in the “forefront” of this energy market. Your organisation and others claim to have the objectives of protecting customers’ interests, security of supply and promoting competition, but you have failed on all three counts. The school report does not read well on any of the above – certainly not well enough to go on the geography field trip.

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