Understanding how energy companies are regulated by Sean Burke

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The privatisation of Britain's energy markets has been of enormous benefit to consumers, who now have a range of options to choose from when arranging electricity and gas supplies for their homes, as well as for commercial customers who may be looking for affordable and reliable business energy tariffs. Having a number of competing suppliers ensures that prices stay as low as possible, as different companies continually attempt to under-cut their competitors and attract more business.

The shift from a single, national energy supplier to a diverse range of companies required establishing a regulatory body to set standards and practices, and by consequence ensuring energy companies abide by these standards when offering their vital services to consumers. Energy regulators in the UK operate independently from the government, but work closely with government representatives to help ensure that policies concerning energy supplies and sustainability are followed by energy suppliers.

The importance of electricity and gas regulators was brought into sharp focus during the price hikes of recent years for domestic energy supplies, which were a result of rising wholesale energy prices that providers passed on to their customers. Investigations from regulators such as Ofgem ascertained that providers were not charging unreasonable amounts for energy tariffs, and government investment helped to offset the supply situation. The discovery of new gas reserves has helped to curb the issue further, and British households and businesses are now benefiting from cheaper fuel for the first time in more than a year - though only time will tell if the situation will remain as sustainable.

It's not only the supply of electricity and gas that's overlooked by energy regulators though, as these organisations are also concerned with the energy efficiency of homes - which plays a large part in determining how well they weather periods of increased fuel prices. Energy regulators help to ensure that gas and electricity suppliers offer affordable insulation, gas boiler replacements and other services aimed at improving the energy efficiency of homes and potentially leading to permanent reductions in fuel bills.

With climate change becoming an ever more pressing issue, energy providers and regulators also face pressure to lower the environmental impact of fuel supply and delivery, and to pass these benefits on to customers. Some energy providers also offer supply and installation of solar panels and other renewable energy systems, allowing households to generate their own sustainable electricity, and energy regulators should check that the quality and energy efficiency of these installations are up to standard.

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