GMB
BRITAIN'S GENERAL UNION
PROTECTING YOU AT WORK

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Developing Network Monopoly Price controls

The GMB is the United Kingdoms fourth largest trade union with 650 000 members and is the largest trade union in the energy sector. Our membership is employed in all energy sectors from production and distribution, to retail and service. The GMB is represented in the Coal, Electricity, Gas, Oil, Nuclear and Water industries in the UK. Those of our members who are not employed in the energy sector are all consumers of energy.

First I would apologies for not making your deadline of 22nd August for responses this is due to a combination of work load and holidays. We welcome the opportunity of commenting on your Document Developing Network Monopoly Price Controls.

We only wish to raise two concerns wit you and they are investment in the systen infrastructure and pensions. We are concerned that adequate resources are put into maintaining the network in a safe and satisfactory condition. Our concerns are that if the regulation is to tight savings are made through staff cuts and cuts to budgets such as training and leads to a reduction in safety and security of the network and the requirement of our members to work excessive hours again to the detriment of both our members and the consumer.

We are also concerned over the comments in the document about pensions. The pensions provided in the energy sector are part of our member's terms and conditions. Upon privatisation It was agreed that these pension schemes would be continued into the private companies.

We do not believe that due to short term changes in the market and the need to for greate support these schemes at this time should be reflected in the Regulation of the companies. It is our view that Ofgem did not take these cost into consideration in the later part of the last decade while investment returns were high and companies were able to have pensions holidays. It would seem to us that this position effectively reduced costs to the employers and these were either passed on to the shareholders as increased dividend or to consumers as reduced cost.

It does not seem right to us that at this time the Regulator should be imposing a view on future pensions investment or returns by not allow these cost to be included in any costs of running the network . It is our view that it would be wrong for the Regulator to become the judge of whether a pension investment return was good or bad and then to judge by this result whether the cost could be passed on or not within the companies charging policy. We believe pensions are a mater for negotiation between staff and the company.

Therefore we agree with the view on page 56 that a degree of approximation is needed and costs, profits and burden of risk should be equally between company and customer not at the expense of the employee or the pensioner.

I hope you will take these points on board in your review. If you need any further information please contact me.

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