



*Promoting choice and
value to customers*

12 August 2005

Ofgem's Five Year Strategy 2006-2011

In August last year, we consulted on our corporate strategy for 2005-2010. We received many contributions that greatly aided the development of our strategy, which is accessible at our website, www.ofgem.gov.uk. I am very pleased to be able to ask you now to contribute to the development of the next five year strategy, for 2006-2011.

The contributions that we have received to the development of our strategy in previous years have made a real difference to the direction of the organisation. In particular we are now:

- working to an RPI-3 cost reduction target and looking to streamline and improve the quality of our processes for consultation;
- putting more emphasis on European affairs and trying to ensure competitive pressures are felt on energy markets across Europe;
- reviewing supply licence conditions and whether any further evolution of metering policy would be appropriate; and
- ensuring that network regulation supports appropriate levels of investment, that network operators take full account of the needs and requirements of their customers, and, that regulation focuses on simple, clear and transparent incentive mechanisms where practicable.

In order to assist us in determining our future strategy I would very much welcome any views you might have and in particular on the following:

1. the key challenges you consider the industry faces in the short to medium term (for example, structural, social, environmental or technological)
2. the action you consider the Authority should take to respond to these challenges
3. the priority of areas of work that you think we should tackle, in response to the challenges you identify.

Please send your comments, by email if possible, to Andy MacFaul, Head of Government Affairs (andrew.macfaul@ofgem.gov.uk). To enable us to take full account of your comments, we need to receive them by 30 September 2005. A timetable for finalising the strategy is set out in annex 1.

Responses will be made available in the Ofgem library and published on the Ofgem website. This will enable others to see and consider a wide range of responses. However, should you wish your response to remain wholly or partly confidential, please indicate this clearly in your response. We shall also place a summary of the key issues raised by responses on our website.

I look forward to reading and considering carefully your response.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Mogg'.

Sir John Mogg KCMG
Chairman of the Gas and Electricity Markets Authority

Annex 1: Timetable

The timetable that we intend to follow in consulting on and developing the strategy is outlined below. Please note in particular that we will consult on a Proposed Corporate Strategy and Plan in January 2006 and publish the final version in March 2006.

August 2005	Initial consultation on our strategy for the next five years
September 2005	Deadline for responses
Nov/Dec 2005	Authority considers draft Proposed Corporate Strategy and Plan 2006-2011
January 2006	Publish Proposed Corporate Strategy and Plan 2006-2011
February 2006	Authority public session on the Proposed Corporate Strategy and Plan
February 2006	Deadline for responses
March 2006	Publish Corporate Strategy and Plan 2006-2011