

**From:** John Dyke [john.dyke@tiscali.co.uk]  
**Sent:** 28 January 2006 11:57  
**To:** TPCR responses  
**Subject:** [Released] Fw: RESPONSE TO SECOND CONSULTATION

-----Original Message-----

**From:** [John Dyke](mailto:John.Dyke@ofgem.co.uk)  
**Date:** 01/28/06 11:49:55  
**To:** [TPCR.responses@ofgem.co.uk](mailto:TPCR.responses@ofgem.co.uk)  
**Cc:** [john.lovell@uk.ngid.com](mailto:john.lovell@uk.ngid.com)  
**Subject:** RESPONSE TO SECOND CONSULTATION

### **Response to Pension Costs Paragraph 10.21 and Appendix 10**

It is not clear to me how paragraph 10.21 is intended to work.

Material breach of stewardship is aimed at the Company as this is a consultation about the Company. However the Company Funding Rate into the pension scheme is on the recommendation and advice of the Actuary. This in part is as a result of the assumptions made in each Valuation for future events, the asset strategy that is set for the fund and the performance of the investments. The Trustees call for Valuations and receive the results, with a copy to the Company.

The setting of asset strategy is a key element and is the sole responsibility of the Trustees, albeit following consultation with the Company. Furthermore The Pensions Act 1995 requires Trustees to consider the suitability of the investments to the liabilities. Therefore measuring the scale of funding increases is a poor measure of failure of stewardship of the Company.

The latest Valuation results for NGET Group are as at 31 March 2004 and with the next Valuation being as at 31 March 2007, its results will not be known until well after the outcome of this Price Review. Looking back, if you were therefore to compare the Valuation results from 2004 and 2001 you would be looking at a period over which markets had a very difficult period. Our particular fund moved from a surplus of £208M to a deficit of £271M. The Funding Rate (Company's future service contribution rate) moved from 10.4% to 13.1% of salaries.

None of the reasons for the increase relate to material failure of stewardship. If they did then you would have to challenge the Trustees and the Actuary and not the Company.

John Dyke

Elected Trustee to NGET Group of ESPS

Formally employed by National Grid Company as a Contracts Manager.

01926 633126

FREE emoticons for your  
email! [click Here!](#)