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Dear Mr Smith

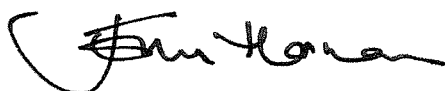
Thank you for sending me the Ofgem sustainable development report for 2006, which is a welcome and interesting contribution.

If I may, I would like to make a suggestion for the 2007 report. In future, it would be useful to see where the sustainability duty introduced in the 2004 Energy Act has made a material difference to Ofgem's approach to its responsibilities. One difficulty in reading the report is to isolate what has been achieved by Ofgem itself from wider changes in energy policy for which Ofgem is not responsible. This would give the interested reader a better idea of the contribution Ofgem is making to sustainable development.

The Ofgem web site has an informative letter from Alistair Buchanan to Bernard Bulkin at the Sustainable Development Commission (2nd November 2006), which includes information about Ofgem's role. In future years, it would be useful to see this sort of content summarised in a chapter of the sustainability report.

I hope that the sustainability duty is making a real difference to Ofgem's approach to its powers and duties and I look forward to receiving future reports and hearing of further progress.

Yours sincerely



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CHAIRMAN

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