



To all stakeholders

Promoting choice and
value for all customers

14 January 2008

Dear Sir/Madam

Ofgem Corporate Strategy 2008-2013

Today we launch a consultation on Ofgem's Proposed Corporate Strategy from 2008 to 2013.

We are doing this at a time of profound change in Britain's energy markets with the shift towards developing more sustainable and low carbon energy solutions. A new Energy Bill has just been published. New targets to reduce carbon and increase renewables will be set out both by the Climate Change Bill in Parliament and by the European Commission's Renewables Directive.

Helping to deliver sustainable energy solutions – secure, environmentally efficient and affordable energy – is at the core of our work to protect consumers' interests, present and future. Through this draft strategy you will see how we are approaching these challenges, for example through our work to:

- develop a new regime to connect offshore wind to the transmission system;
- conduct major reforms to the onshore transmission network to promote access for new and renewable generators;
- promote the development of distributed energy and microgeneration;
- review the governance of industry codes and network charging;
- promote 'smart' metering technology to help households manage their energy use and costs;
- help build consumer confidence in green and 'social' tariffs, and
- through our *Consumer First* project, gain a deeper insight into consumer priorities now and in the future.

With business and domestic energy customers facing rising prices, we will continue to:

- monitor the wholesale and retail markets closely and take action if there is any evidence of market abuse or anti-competitive behaviour;
- challenge the network companies to run their networks and deliver their substantial investment programmes as efficiently as possible;
- support the Commission and other European regulators in their efforts to establish effective competition in continental wholesale gas and electricity markets;

- advise Government on the development of cost-effective policies to tackle climate change; and
- work with Government and industry to ensure that fuel poverty measures are targeted effectively.

The proposed strategy sets out our ongoing work through network regulation and promoting competition, including with the EU Commission, to help achieve reliable and competitive energy markets for all consumers. It also explains how, in meeting these challenges, we will continue to operate in line with the principles of better regulation and our self-imposed RPI-3 per cent cost constraint.

The deadline for responding to our proposed strategy is 22 February. We look forward to hearing your views.

Yours faithfully



Sir John Mogg
Chairman, Gas and Electricity Markets Authority



Alistair Buchanan
Chief Executive, Ofgem