

The Lord Mogg, KCMG
Chairman



To all stakeholders

*Promoting choice and
value for all customers*

21 August 2008

Dear colleague

Ofgem's Five Year Strategy 2009-2014

In August last year, and January this year, we consulted on our corporate strategy for 2008-2013.

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 2009 – 2014.

The contributions that we received in developing the current strategy, and at the open Authority meeting in June, have helped to shape the organisation's priorities and direction. In particular we have, over the past year:

- played a leading role in the introduction of the third package of measures for European Liberalisation;
- responded to growing anxiety among consumers about increases in energy prices by announcing a probe into the energy supply market – the initial results of which will be presented in the autumn;
- launched *Consumer First* to give Ofgem a clearer picture of consumer attitudes and expectations;
- made it easier for microgeneration to sell surplus energy via the distribution networks;
- launched an overhaul of the rules and codes that make the industry structure work to speed up code changes and bring the codes in line with the challenges that come from sustainable development;
- devised ways, working with Government, to bring an investment in transmission infrastructure and speed up the connection of new generation, including renewables;

- established the basis for a tendering process to build the transmission links needed to connect offshore wind generation to the national grid;
- launched a project to look afresh at the incentive based regime used to regulate the monopoly networks (RPI at 20);
- played a central role in pushing for the implementation of smart meters;
- hosted a fuel poverty summit to explore ways of better targeting help towards the fuel poor.

When we published our strategy in March we noted that it was being finalised at a time when energy policy was under review with new legislation being taken forward at a GB and EU level.

We would welcome your views on the future strategy and priorities of the organisation. In determining our future strategy we would especially welcome any views you might have on the following:

1. the key challenges that the industry faces in the short to medium term;
2. how you think the Authority should respond to these challenges; and
3. the order of priority we should give to our areas of work in response to those challenges.

Please send your comments, by email if possible, to Andy MacFaul, Head of Better Regulation (andrew.macfaul@ofgem.gov.uk). To enable us to take full account of your comments, we need to receive them by 25 September. Having considered these responses we will consult on our strategy and plan in January 2009 and publish the final version in March 2009.

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.

I look forward to reading and considering carefully your response.

Yours sincerely



Lord John Mogg
Chairman of the Gas and Electricity Markets Authority