

1. Purpose

1.1. As part of our review of the adherence by licensees to the six Price Control Pension Principles, a completed questionnaire is required from each licensee for each Defined Benefit (DB) scheme in which a licensee is/has been a participating employer since 1990. Where different employee groups are dealt with separately, provide the information (e.g. benefits, liabilities) for each employee group.

1.2. It would be helpful if colleagues would complete this questionnaire even if you have previously supplied any of this information so that we can collate it in the same format for all.

1.3. This data will be used to assess the uniqueness of each scheme and in particular to ascertain what actions have been taken to satisfy principle 1.

2. Instructions for completion

2.1. Complete the data in the text boxes underneath or by the side of each question.

2.2. The size of answer boxes/tables will expand to accommodate overflowing text.

3. Background

3.1. What is the name of the scheme?

EDF Energy Group of the Electricity Supply Pension Scheme ("ESPS")

3.2. In what year was the scheme established?

1983

3.3. What was the background to the establishment of the scheme? (For example, did it supersede a previous scheme which is now closed to new entrants? If so, a separate questionnaire should be provided for that scheme.)

In 1990 privatisation resulted in the ESPS being broken into groups allocated to each employer. In September 2005 the London Electricity and Seeboard Groups were merged together and renamed as the EDF Energy Group of the ESPS.

Note:

For the pension scheme figures shown in this report for the period before 2005 the data for London Electricity and Seeboard Groups have been combined to represent the current EDF Energy Group other than for Section 10 Investment where separate tables have been inserted for London Electricity.

EDF Energy has three distribution licensees – EDF Energy Networks (EPN) plc, EDF Energy Networks (LPN) plc and EDF Energy Networks (SPN) plc. Whilst it is possible to prepare a separate pension questionnaire for each distribution licensee's involvement

in the ESPS much of the information would be the same. Accordingly this questionnaire has been completed with regard to the three distribution licensees involved in the ESPS. A separate questionnaire has been completed with regard to the three distribution licensees involved in the EDF Energy Pension Scheme (EEPS).

3.4. Is the scheme, or any of its members, subject to any protected rights conditions from the time of privatisation? If so, provide details.

Yes – protected persons in the scheme cannot have their benefits changed if this would be detrimental. As such level of future benefits cannot be reduced for past or future accrual, and contributions cannot be increased, without consent of the members concerned in either case.

3.5. Is the scheme closed to new entrants and/or future accruals? If so, when did it close, and what pension benefits are provided for subsequent entrants/accruals?

The group closed to new entrants in 1995 but employees who were already in the ESPS at that time have continued to accrue future benefits. In addition new employees post 1995 who have protected person status have been allowed to join the group. The number of new employees joining the ESPS is low and are not material to the overall membership figures.

New employees who have joined the three DNOs after 1995 and who were not Protected Persons joined a variety of pension schemes but from 2004 onwards these were closed or merged and employees not in the ESPS became entitled to join the EDF Energy Pension Scheme – see separate questionnaire covering this scheme.

3.6. Have any of the scheme's liabilities been insured (or bought out with an insurer)? If so, provide details.

No

4. Scheme membership

4.1. Provide the number of scheme members as at the date of each of the last three triennial actuarial valuations and as at the most recent scheme accounts date. (If full actuarial valuations have been carried out more frequently than triennially, include all full actuarial valuations in the last ten years.)

Name of Scheme	EDF Energy Group of the ESPS			
	31/03/08	31/03/07	31/03/04	31/03/01
Numbers of members				
Active members	4366	4490	4800	3622
Deferred members	4031	4163	4489	4609
Pensioner members	12227	12191	12588	13053
Total	20624	20844	21877	21324

4.2. Provide equivalent tables to 4.1 separately for each regulated and unregulated business. [Insert tables as appropriate.]

Name of regulated business	ESPS - LPN			
Numbers of members	31/03/08	31/03/07	31/03/04	31/03/01
Members with protected rights from the time of privatisation				
Active members	481	495	528	558
Deferred members	1121	1158	1248	1281
Pensioner members	3450	3440	3552	3683
Total	5052	5093	5328	5522
Other members				
Active members	63	63	69	73
Deferred members	146	151	163	167
Pensioner members	448	447	461	478
Total	657	661	693	718
Name of regulated business	ESPS - SPN			
Numbers of members	31/03/08	31/03/07	31/03/04	31/03/01
Members with protected rights from the time of privatisation				
Active members	713	734	784	834
Deferred members	1662	1716	1851	1900
Pensioner members	5114	5099	5265	5459
Total	7489	7549	7900	8193
Other members				
Active members	93	95	102	109
Deferred members	216	223	241	247
Pensioner members	664	662	684	709
Total	973	980	1027	1065
Name of regulated business	ESPS - EPN			
Numbers of members	31/03/08	31/03/07	31/03/04	31/03/01
Members with protected rights from the time of privatisation				
Active members	1240	1273	1363	0
Deferred members	81	68	28	0
Pensioner members	120	102	47	0
Total	1441	1443	1438	0
Other members				
Active members	161	166	176	0
Deferred members	18	23	9	0
Pensioner members	12	10	5	0
Total	191	199	190	0

Name of unregulated business	ESPS – Non-regulated			
Numbers of members	31/03/08	31/03/07	31/03/04	31/03/01
Members with protected rights from the time of privatisation				
Active members	1429	1473	1574	1812
Deferred members	696	729	840	897
Pensioner members	1980	2151	2278	2411
Total	4105	4427	4692	5120
Other members				
Active members	186	191	204	236
Deferred members	91	91	109	117
Pensioner members	439	280	296	313
Total	716	562	609	666

4.3. Which companies within your group currently participate in the scheme?

EDF Energy plc (Company registration number 2366852) – Principal Employer

Other Participating Employers:

EDF Energy Networks Ltd (3870728)

EDF Energy (Development) plc (3189877)

EDF Energy (Services) Ltd (2228168)

EDF Energy Contracting Ltd (2965182)

EDF Energy Powerlink Ltd (3221818)

EDF Energy (Energy Branch) plc (2449611)

EDF Energy Customers Plc (2228297).

4.4. Which companies have previously been participating employers in the scheme?

EDF Energy Customer Field Services (Data) Limited (3158935)

EDF Energy Customer Field Services (Metering) Limited (4037411)

EDF Energy Networks (EPN) plc (2366906)

EDF Energy Networks (LPN) plc (3929195)

EDF Energy Networks (SPN) plc (3043097)

EDF Energy (West Burton Power) Limited (4267569)

EDF Energy (Transport Services) Limited (2891435)

EDF Energy (Cottam Power) Limited (4074196)

EDF Energy (Contract Services) Limited (3447977)

EDF Energy (South East) plc (2366867)

Knight Debt Recovery Services Limited (2948613)

51° Limited (4184523)

Seeboard Energy Limited (3043088)

5. Scheme benefits

5.1. Complete the following table, summarising the current scheme benefits. Where benefits are not the same for all members, provide a separate table for each group of members, and explain which employees are in each group. [Insert additional copies of the table as necessary]

	Example
Type of benefits	<i>Final salary</i>
Contracted in or out of S2P	<i>Contracted out</i>
Normal retirement age (age when unreduced pension is payable)	<i>60 for service to 1 April 2005, 65 thereafter</i>
Definition of pensionable pay (specify	<i>Basic pay plus pensionable allowances. No</i>

any deductions in particular)	<i>deductions</i>
Member contributions	<i>5% of pensionable pay</i>
Accrual rate for member benefits	<i>1/60 for service to 1 April 2005, 1/70 for service thereafter</i>
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	<i>By commutation, 15:1 at age 60, 12:1 at age 65</i>
Dependants' provision	<i>Legal spouse, Civil Partner or nominated partner</i>
Dependant's pension on death after retirement	<i>50% of member's pension ignoring commutation</i>
Ill-health benefits	<i>Immediate unreduced pension. Service enhanced by 10 years (or period to NRA if less).</i>
Lump sum benefit on death in service	<i>3 x pensionable pay</i>
Pension increases in retirement (for excess pension over GMP)	<i>None for service to 5 April 1997. RPI subject to annual cap of 5% for service between 6 April 1997 and 5 April 2005. RPI subject to annual cap of 2½% for service after 6 April 2005.</i>
Pension increases in deferment (excess pension over GMP)	<i>In line with statutory revaluation requirements (RPI with annual cap of 5% over whole period)</i>

Specify which group of members	Former members of the London Group of the ESPS – including LPN employees
Type of benefits	Final salary
Contracted in or out of S2P	Contracted out
Normal retirement age (age when unreduced pension is payable)	63 for joiners post 1 April 1988 60 for joiners pre 1 April 1988 (for male members retiring after 31 March 2011 the benefits accrued prior to 17 May 1990 will have a discount applied relative to an NPA of 63)
Definition of pensionable pay (specify any deductions in particular)	Basic pay plus pensionable allowances
Member contributions	6% of pensionable pay
Accrual rate for member benefits	1/80 th for each year of pensionable service (max 40 years)
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	3/80 th for each year of pensionable service (max 40 years)
Dependants' provision	Legal spouse, Civil Partner or nominated partner
Dependant's pension on death after retirement	60% of members pension at date of death
Ill-health benefits	Prospective pension based on current pensionable pay
Lump sum benefit on death in service	4 times pensionable pay
Pension increases in retirement (for excess pension over GMP)	In line with uplift in RPI. Company has discretion to restrict increases above 5%. Special increase granted at age 75.
Pension increases in deferment (excess pension over GMP)	In line with statutory revaluation requirements (RPI with annual cap of 5% over whole period)
Specify which group of members	Former members of the Seeboard Group of the ESPS – including SPN employees
Type of benefits	Final salary
Contracted in or out of S2P	Contracted out
Normal retirement age (age when unreduced pension is payable)	60 (the post 1 April 1988 joiners have an NPA of age 63 but the company allows benefits to be drawn unreduced from age 60)

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Definition of pensionable pay (specify any deductions in particular)	Basic pay plus pensionable allowances
Member contributions	6% of pensionable pay
Accrual rate for member benefits	1/80th for each year of pensionable service (max 40 years)
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	3/80th for each year of pensionable service (max 40 years)
Dependants' provision	Legal spouse, Civil Partner or nominated partner
Dependant's pension on death after retirement	55% of members pension at date of death
Ill-health benefits	Prospective pension based on current pensionable pay
Lump sum benefit on death in service	4 times pensionable pay
Pension increases in retirement (for excess pension over GMP)	In line with uplift in RPI. Company has discretion to restrict increases above 5%
Pension increases in deferment (excess pension over GMP)	In line with statutory revaluation requirements (RPI with annual cap of 5% over whole period)
Specify which group of members	Former members of the London Electricity Group of the ESPS who transferred into the Group from SWEB unregulated business
Type of benefits	Final salary
Contracted in or out of S2P	Contracted out
Normal retirement age (age when unreduced pension is payable)	63 for joiners post 1 April 1988 60 for joiners pre 1 April 1988 (for male members retiring after 31 March 2011 the benefits accrued prior to 17 May 1990 will have a discount applied relative to an NPA of 63)
Definition of pensionable pay (specify any deductions in particular)	Basic pay plus pensionable allowances
Member contributions	6% of pensionable pay
Accrual rate for member benefits	1/80th for each year of pensionable service (max 40 years)
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	3/80th for each year of pensionable service (max 40 years)
Dependants' provision	Legal spouse, Civil Partner or nominated partner
Dependant's pension on death after retirement	60% of members pension at date of death
Ill-health benefits	Prospective pension based on current pensionable pay
Lump sum benefit on death in service	4 times pensionable pay
Pension increases in retirement (for excess pension over GMP)	In line with uplift in RPI. Company has discretion to restrict increases above 5%.
Pension increases in deferment (excess pension over GMP)	In line with statutory revaluation requirements (RPI with annual cap of 5% over whole period)
Specify which group of members	Former members of the London Electricity Group of the ESPS who transferred into the Group from Eastern Electricity – including EPN employees
Type of benefits	Final salary
Contracted in or out of S2P	Contracted out
Normal retirement age (age when unreduced pension is payable)	63 for joiners post 1 April 1988 60 for joiners pre 1 April 1988 (for male members retiring after 31 March 2011 the benefits accrued prior to

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	17 May 1990 will have a discount applied relative to an NPA of 63)
Definition of pensionable pay (specify any deductions in particular)	Basic pay plus pensionable allowances
Member contributions	6% of pensionable pay
Accrual rate for member benefits	1/80th for each year of pensionable service (max 40 years)
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	3/80th for each year of pensionable service (max 40 years)
Dependants' provision	Legal spouse, Civil Partner or nominated partner
Dependant's pension on death after retirement	57.5% of members pension at date of death
Ill-health benefits	prospective pension based on current pensionable pay
Lump sum benefit on death in service	4 times pensionable pay
Pension increases in retirement (for excess pension over GMP)	In line with uplift in RPI. Company has discretion to restrict increases above 5%
Pension increases in deferment (excess pension over GMP)	In line with statutory revaluation requirements (RPI with annual cap of 5% over whole period)
Specify which group of members	Former members of the London Electricity Group of the ESPS who transferred into the Group from Powergen unregulated business
Type of benefits	Final salary
Contracted in or out of S2P	Contracted out
Normal retirement age (age when unreduced pension is payable)	63 for joiners post 1 April 1988 60 for joiners pre 1 April 1988 (for male members retiring after 31 March 2011 the benefits accrued prior to 17 May 1990 will have a discount applied relative to an NPA of 63)
Definition of pensionable pay (specify any deductions in particular)	Basic pay plus pensionable allowances
Member contributions	6% of pensionable pay
Accrual rate for member benefits	1/80th for each year of pensionable service (max 40 years)
Lump sum terms on retirement (specify commutation rate at NRA, if applicable)	3/80th for each year of pensionable service (max 40 years)
Dependants' provision	Legal spouse, Civil Partner or nominated partner
Dependant's pension on death after retirement	66.66% of members pension at date of death
Ill-health benefits	Prospective pension based on current pensionable pay
Lump sum benefit on death in service	4 times pensionable pay
Pension increases in retirement (for excess pension over GMP)	In line with uplift in RPI. Company has discretion to restrict increases above 5%
Pension increases in deferment (excess pension over GMP)	In line with statutory revaluation requirements (RPI with annual cap of 5% over whole period)

5.2. Do you have a salary sacrifice arrangement for any group of employees? If so:

When was it introduced?	No such arrangement in place
To which groups of employees does it apply?	
What percentage of eligible members participates in the	

arrangement?	
How is the reduction in salary calculated?	
Is the saving in employer's National Insurance Contributions shared between the employer and employees? If so, how?	

5.3. Are Additional Voluntary Contribution (AVC) facilities available to members? If so:

Is this on a defined contribution basis, by buying added years, or both?	Both
Does the employer contribute to members' AVCs?	No

5.4. Does the scheme accept transfers in?

If no, when did the scheme cease to accept transfers in?	Yes
If yes, has ceasing to accept transfers in been considered?	No – option to cease not possible under Protected Persons regulations

6. Changes to scheme benefits

6.1. Provide details of any changes to scheme benefits and/or member contributions since 1990. For each change: [Insert additional tables as necessary]

Describe the change.	London Electricity Group – use of surplus
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	1995 valuation
Explain briefly the reasons for the change (for example, "to comply with the Pensions Act 1995", "to reduce costs", or "to apply valuation surplus").	To apply valuation surplus which has typically resulted in one-third of the surplus being spent on the members with the company utilising the balance. (As with other DNOs these savings were reflected in lower costs which through Ofgem's methodology for setting cost allowances were reflected in lower cost allowances being given to DNOs during the periods impacted by surpluses.)
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Increase spouses pension to 55% of members pension. Reduce member contributions by 2% for 27 months.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	Disclosed surplus £50.4m Cost of benefits allocated to members £18m
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same	No

time.	
Describe the change.	London Electricity Group – use of surplus
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	1998 valuation
Explain briefly the reasons for the change (for example, “to comply with the Pensions Act 1995”, “to reduce costs”, or “to apply valuation surplus”).	To apply valuation surplus which has typically resulted in one-third of the surplus being spent on the members with the company utilising the balance. (As with other DNOs these savings were reflected in lower costs which through Ofgem’s methodology for setting cost allowances were reflected in lower cost allowances being given to DNOs during the periods impacted by surpluses.)
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Reduction in member contributions of 5% for 2 months and of 2% for a further 31 months. Increase current and deferred pensions by 2.8%. Introduce 2% increase to pensions at age 75.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	Disclosed surplus £69.6m Cost of benefits allocated to members £23.5m
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	No
Describe the change.	London Electricity Group – use of surplus
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	2001 valuation
Explain briefly the reasons for the change (for example, “to comply with the Pensions Act 1995”, “to reduce costs”, or “to apply valuation surplus”).	To apply valuation surplus which has typically resulted in one-third of the surplus being spent on the members with the company utilising the balance. (As with other DNOs these savings were reflected in lower costs which through Ofgem’s methodology for setting cost allowances were reflected in lower cost allowances being given to DNOs during the periods impacted by surpluses.)
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Reduce member contributions by 3% of salaries for 33 months and a further 1.5% of salaries for 6 months for pre 1 April 1998 members. Increase all current and deferred pensions by 3.2%. Increase spouse pension to 60% of members pensions. Grant spouse pensions to certain single life pensioners. Increase childrens’ pensions to 50% of spouse

	pensions. Increase lump sum death benefit to 4 times pensionable salary.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	Disclosed surplus £166m Cost of benefits allocated to members £42m
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	No
Describe the change.	Seeboard Group – use of surplus
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	1992 Valuation
Explain briefly the reasons for the change (for example, “to comply with the Pensions Act 1995”, “to reduce costs”, or “to apply valuation surplus”).	To apply valuation surplus which has typically resulted in one-third of the surplus being spent on the members with the company utilising the balance. (As with other DNOs these savings were reflected in lower costs which through Ofgem’s methodology for setting cost allowances were reflected in lower cost allowances being given to DNOs during the periods impacted by surpluses.)
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Increase spouse pensions to 55% of members’ pensions. Remove NI Modification.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	Disclosed surplus £18.8m Cost of benefits allocated to members £10m
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	
Describe the change.	Seeboard Group – use of surplus
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	1995 Valuation
Explain briefly the reasons for the change (for example, “to comply with the Pensions Act 1995”, “to reduce costs”, or “to apply valuation surplus”).	To apply valuation surplus which has typically resulted in one-third of the surplus being spent on the members with the company utilising the balance. (As with other DNOs these savings were reflected in

	lower costs which through Ofgem's methodology for setting cost allowances were reflected in lower cost allowances being given to DNOs during the periods impacted by surpluses.)
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Reduce member contributions by 3% of salaries for 3 years. Increase deferred pensioners' lump sums by 5%.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	Disclosed surplus £43.8m Cost of benefits allocated to members £4.3m
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	No
Describe the change.	Seeboard Group – use of surplus
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	1998 Valuation
Explain briefly the reasons for the change (for example, "to comply with the Pensions Act 1995", "to reduce costs", or "to apply valuation surplus").	To apply valuation surplus which has typically resulted in one-third of the surplus being spent on the members with the company utilising the balance. (As with other DNOs these savings were reflected in lower costs which through Ofgem's methodology for setting cost allowances were reflected in lower cost allowances being given to DNOs during the periods impacted by surpluses.)
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	Increase lump sum death benefit to 4 times pensionable salary. Increase death in deferment benefit to a minimum of 5 times deferred pension. Reduce member contributions by 2% of salaries for 1 year and by 1% for a further two years.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	Disclosed surplus £33.8m Cost of benefits allocated to members £3m
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	No
Describe the change.	London Electricity Group – Barber waiver
State the effective date of the change, and what periods of service (or which groups of	1 April 1995 to 31 March 2011 Male members who joined the Group prior to 1 April 1988.

members) were affected by the change.	
Explain briefly the reasons for the change (for example, "to comply with the Pensions Act 1995", "to reduce costs", or "to apply valuation surplus").	Barber waiver – during this period the company agreed to waive the reduction that would apply for benefits accrued prior to 17 May 1990 to allow these male members to retire at age 60 without a reduction in their benefits. This enabled consistent treatment of males and females for all service.
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	The company decided in December 2008 to stop the practice of rolling forward this Barber waiver for three year periods as a part of each valuation since 1995. The Barber waiver will not apply beyond 31 March 2011.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	The valuation in March 2007 rolled the Barber waiver on for a further three year period to 31 March 2011 only and thereafter assumed that the company would discontinue the practice. This had the effect of reducing the Group's liabilities by £32m and reducing the cost of future accrual by 0.5% of salaries.
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	
Describe the change.	Seeboard Group – Early retirement understanding
State the effective date of the change, and what periods of service (or which groups of members) were affected by the change.	From 1 April 1993. All members who were active members at this date or joined thereafter.
Explain briefly the reasons for the change (for example, "to comply with the Pensions Act 1995", "to reduce costs", or "to apply valuation surplus").	The early retirement understanding was introduced as a part of a collective bargaining agreement put in place in 1993.
Provide details of any consequential or associated changes in other terms and conditions or pension benefits.	This agreement allowed members to draw their benefits at age 60 with no discount for early payment.
Quantify the benefits / costs / savings separately to the employer and to members, and the effect on the current scheme surplus or deficit.	This has been funded in triennial valuations since this time with the assumptions adjusted to reflect this agreement.
For decreases in member contribution rates, state whether the decrease was directly met by an equivalent increase in employer contribution rates at the same time.	

6.2. Have member contribution rates been reduced, and currently remain, below the maximum level allowed under the Electricity and Gas Acts for members covered by protected rights? If so, why?

No

6.3. Have you ever restricted any new (or existing) elements of salaries to make them non-pensionable, or restricted salaries for pension scheme members relative to non-members? If so, provide details.

No – Bonus, allowances and overtime payments have always been non-pensionable.

6.4. Have you ever offered cash, or other benefits, in return for employees giving up their protected rights? Have there been any other modifications to protected rights terms? If so, please provide details, including the percentage of eligible employees who accepted.

No

6.5. Where redundancy benefits were provided by the scheme, have such benefits been removed or reduced for any employees? If so provide details, including savings.

No

6.6. Quantify the overall saving achieved in pension costs due to changes in scheme benefits or member contributions since 1990.

Nil, because of the Protected Persons Regulations.

(As with other DNOs the Employer savings were reflected in lower costs which through Ofgem's methodology for setting cost allowances were reflected in lower cost allowances being given to DNOs during the periods impacted by surpluses.)

7. Actuarial valuation results

7.1. Provide the following information as at the date of each of the last three triennial actuarial valuations. (If full actuarial valuations have been carried out more frequently

than triennially, include all full actuarial valuations in the last ten years.) Results should be taken from ongoing actuarial funding valuations, unless stated otherwise. If appropriate, provide additional information on recommended employer contributions.

	31/03/01	31/03/04	31/03/07
Under Pensions Act 2004? (yes/no)	No	No	Yes
Funding method (for example, Projected Unit)	Projected unit	Projected unit	Projected unit
Market value of assets	£1,862m	£1,753m	£2,366m
Actuarial value of assets, if not at market value	£1,845m	£1,753m	£2,366m
Actuarial value of liabilities	£1,655m	£2,123m	£2,488m
Ongoing funding level (%)	111%	82.6%	95.1%
Deficit recovery period (years)	nil	13 years	8 years
Employer contribution rate for future accruals (%) of pensionable pay	LE 17% SE 16%	18.2%	20.0%
Employer contribution rate after surplus/deficit (%) of pensionable pay	LE nil SE 12%	18.2% plus £46m pa from 1.04.2005 until 31.03.2017	2007/08 18.2% Plus £46m Thereafter 20.0% Plus £32.2m per annum from 1.4.2008 until 31.03.2010 and from 1.04.2010 £6.44m pa until 31.03.2015
Solvency (or buy-out) funding level (%)	111%	66%	72.1%

7.2. Describe the basis on which the employer contribution rate has been set.

The company contribution rate reflects the cost of accruing benefits in the future (net of members' own contributions) and is expressed as a percentage of pensionable pay for active members.

The shortfall of the assets relative to the technical provisions are being met through a deficit repair programme. The deficit repair contributions are expressed as a fixed monetary amount payable over a number of years and is not linked to pensionable pay.

7.3. Have actual employer contributions been in line with the rates in 7.1? If not, provide details of actual contributions, and explain why they differ to the rates in 7.1.

Yes

7.4. Provide details of the basis on which the deficit recovery period was set at each triennial valuation, including the factors that were taken into account when setting the recovery period, and whether there were any discussions with The Pensions Regulator.

2004 – 13 years was set by ESPS scheme actuary at industry wide scheme level (i.e. it applied to all ESPS Groups) after consultation with OFGEM.

2007 – the ESPS Group Trustees set the recovery period at 8 years with 80% of the deficit repair contributions being paid in the first three years. This approach was adopted following discussions with the EDF Energy and took into account the strength of the employer covenant (i.e. the regulated business), the guidelines from the Pensions Regulator, other protections provided (i.e. a contingent asset provided in the form of a link to the regulated businesses which escalates the payment of the deficit repair contributions if all or part of the regulated business is sold) and the overall level of prudence adopted by the trustees when setting the valuation assumptions. The level of deficit contributions took into account the annual amounts the Employer had been able to fund in the immediate previous years.

7.5. On what basis do you identify/attribute deficits and pension costs to each regulated and non-regulated business in the scheme?

Headcount information is derived directly from the company's reporting system SAP. The organisational cost centre structure for EDF Energy Networks Ltd (which incorporates the three DNO's) is based on Hubs and Clusters and places direct staff and support staff in the relevant DNO area. EDF Energy's SAP payroll system reports on the total numbers in pension arrangements and attributes the appropriate pension cost on a pro-rated basis based on headcount.

8. Actuarial assumptions

8.1. Provide the following information on the assumptions underlying ongoing actuarial funding valuations as at the date of each of the last three triennial actuarial valuations. (If full actuarial valuations have been carried out more frequently than triennially, include all full actuarial valuations in the last ten years.)

	31/03/01	31/03/04	31/03/07
Pre-retirement nominal rate of return	6.5%	6.7%	6.2%
Pre-retirement real return above price inflation	4.2%	3.8%	3%
Pre-retirement real return above salaries	2.7%	2.3%	1%
Promotional salary scale (if not in salary assumption)	0	0	0
Post-retirement nominal discount rate (i.e. real rate of return to value liability)	5.3%	LE 5.45% SE 5.2%	6.2%

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Post-retirement real return above price inflation	3%	LE 2.55% SE 2.3%	3%
Post-retirement real return above pension increases	2.8%	LE 2.45% SE 2.2%	3%
Proportion of pension commuted at retirement	0	0	5%
Mortality table used to value current pensioners*	Males PMA92 base year 2010 rated up 1 year Females PFA92 base year 2010 rated up 2 years	LE Group Males PMA92 base year 2002 unrated reducing by 0.4%pa. Females PFA92 base year 2002 rated up 2 years reducing by 0.4%pa. SE Group Males PMA92 base year 2002 with a 95% scaling factor and one-year age rating. Females PFA92 base year 2002 with one-year rating	PNMA00/PNFA00 with medium cohort (with min improvements of 1.25%males and 0.75% females) scaling factor applied for pension bands
Expectation of life at 60 for male pensioner	22.6	23.2 to 23.8	23.1 to 29.3
Expectation of life at 60 for female pensioner	24.6	25.1 to 26.1	29.1 to 32.2
Mortality table used to value future pensioners*	As for current pensioners, but replacing base year 2010 with base year 2020	As for current pensioners but replacing the 0.4%pa reduction with 0.2%pa before retirement and 0.4%pa after retirement.	As for current pensioners
Expectation of life for male who will be aged 60 in 20 years	23.5	24.2 to 24.7	29.8
Expectation of life for female who will be aged 60 in 20 years	25.5	26.1 to 27.2	31.6

* Specify the mortality table used, including any age ratings: e.g. PMA/PFA92 U=2004 x-1 with medium cohort improvement factors subject to a 1% underpin.

8.2. Summarise the basis on which the discount rates were determined.

Prior to 2007 these were set by the scheme actuary having consulted with the trustees and the employer and having regard to the Group's investment strategy. In 2007 scheme specific funding requirements applied. The trustees follow an investment strategy which should produce a total expected return of 7.1%. The trustees decided to apply a single discount rather than separate rates for pre and post retirement. The trustees and company had a formal exchange of letters about what assumptions should be used including the discount. After several proposals it was agreed by both parties that the discount rate should be equal to the gilt yield plus 1.5%. This process involved scenario planning where valuation results were shown based on using different discount rates. The trustees also took account of the strength of the employer covenant when setting the discount rate.

8.3. Summarise the basis on which the salary increase assumptions were set, including consistency with the employer's long-term plans or pay policies.

The trustees and, prior to the 2007 valuation, the scheme actuary, took advice from the company on future salary increases (both general and promotional). At the 2007 valuation the intervaluation experience showed salary increases had averaged 2.6% above RPI (made up from 1% general, 1.5% for promotions and increments under the collectively bargained T&Cs). The trustees set a salary growth of 2% pa above inflation which was a part of a unified package of assumptions agreed with the company.

8.4. Summarise the method and assumptions used to calculate the actuarial value of the assets, if different to market value.

Market value used, except for the Seeboard Group in 2001, where a smoothing adjustment was applied to market value to recognise gradually over a three-year period any difference between the return on the actual asset portfolio and the return which would have been obtained on a notional matching portfolio.

8.5. To what extent do the actuarial assumptions reflect the employer's covenant, in particular the employer's position as a regulated utility company and the extent of any unregulated business.

When setting the assumptions for the technical provisions the trustee were mindful of the strength of the employer covenant this included looking at the links the company had with the three distribution licensees.

Since 2004 the company has provided the trustees with a formal undertaking that in the event of any of the three regulated businesses being sold this would trigger the part or full payment of any deficit that existed at that time.

9. Merged schemes

9.1. Where schemes have been merged or demerged, with assets and liabilities being transferred from or to other schemes, provide the following information (for each merger/transfer):

Date of merger/transfer.	<p>Note all the incoming transfers shown below were as a results the transferees being 'protected employees' so continued membership of the ESPS was a requirement of the transaction</p> <p>April 2002 Transfer - outgoing</p>
Background to the merger/transfer and name of other pension scheme(s).	Transfer from SEEBOARD Group of ESPS to Invensys Pension Scheme in respect of sale of SEEBOARD's metering business (IMServ MeterPoint). This was non-regulated business.
Number of active, deferred and pensioner members involved in the merger/transfer, and total number of active, deferred and pensioner members in the pension scheme at the merger/transfer date, separately for each regulated and unregulated business.	Number of members transferred: 240 active members
The amount of the transfer value and the principles/basis underlying its calculation.	£16.5M. Transfer value based on past service reserve with allowance for expected future salary increases.

The extent to which the transfer value was scaled back to reflect underfunding.	None
Quantify the amount of the scheme's current surplus or deficit relating to the transferred members.	Not possible to quantify as transfer details not segregated for valuation purposes. To do this accurately would be very involved and costly.
Date of merger/transfer.	December 2002 – Transfer - incoming
Background to the merger/transfer and name of other pension scheme(s).	Transfer from TXU Europe Group of ESPS to the London Electricity Group of ESPS in respect of purchase of West Burton Power Station, Eastern Electricity and (50% of) 24Seven. This involved mainly regulated and some non-regulated business.
Number of active, deferred and pensioner members involved in the merger/transfer, and total number of active, deferred and pensioner members in the pension scheme at the merger/transfer date, separately for each regulated and unregulated business.	Number of members transferred: 1,628 active members
The amount of the transfer value and the principles/basis underlying its calculation.	<p>Total assets transferred = £109.4M (£107.1M from TXU Europe Group with £2.3M paid by TXU). Transfer value based on past service reserve with allowance for expected future salary increases.</p> <p>London Electricity's acquisition of EPN was done <u>without</u> acquiring the whole of the TXU Group of ESPS, all the legacy pension liabilities of EPN's former employees have been cut off from the regulated business. With the benefit of hindsight, this has been very beneficial to the customers of EPN.</p>
The extent to which the transfer value was scaled back to reflect underfunding.	Transfer value payable from TXU Europe Group restricted to a "share of fund".
Quantify the amount of the scheme's current surplus or deficit relating to the transferred	Not possible to quantify as transfer details not segregated for valuation purposes. To do this accurately would be very involved and costly.

members.	
Date of merger/transfer.	June 2003 – Transfer - incoming
Background to the merger/transfer and name of other pension scheme(s).	Transfer from PowerGen Group of ESPS to the London Electricity Group of ESPS in respect of purchase of Cottam Power Station. This involved non-regulated business.
Number of active, deferred and pensioner members involved in the merger/transfer, and total number of active, deferred and pensioner members in the pension scheme at the merger/transfer date, separately for each regulated and unregulated business.	Number of members transferred: 176 active members
The amount of the transfer value and the principles/basis underlying its calculation.	<p>Amount of the transfer value and underlying principles: Assets transferred = £14.9M. Transfer value based on past service reserve with allowance for expected future salary increases.</p> <p>Note London Electricity paid an additional contribution of £2.6M to satisfy the requirements of Rule 17D(2).</p>
The extent to which the transfer value was scaled back to reflect underfunding.	None
Quantify the amount of the scheme's current surplus or deficit relating to the transferred members.	Not possible to quantify as transfer details not segregated for valuation purposes. To do this accurately would be very involved and costly.
Date of merger/transfer.	September 2005 - Merger
Background to the merger/transfer and name of other pension scheme(s).	Full merger of the SEEBOARD Group of ESPS and London Electricity Group of ESPS (effected by a block transfer from the London Electricity Group to the SEEBOARD Group of ESPS and a change of name to the EDF Energy Group of ESPS). Involved mainly regulated business.

Number of active, deferred and pensioner members involved in the merger/transfer, and total number of active, deferred and pensioner members in the pension scheme at the merger/transfer date, separately for each regulated and unregulated business.	All London Electricity members (3,238 active members, 2,462 deferred pensioners and 6,746 pensioners - all membership numbers given as at 31 March 2005)
The amount of the transfer value and the principles/basis underlying its calculation.	<p>Amount of the transfer value and underlying principles: Assets transferred = £1,239M. "Transfer value" represented a full transfer of all existing assets of London Electricity Group at the merger date.</p> <p>All outstanding deficiency repair contributions to the London Electricity Group were committed to the EDF Energy Group going forward and these had a present value of £233M at the merger date. The assets transferred together with the present value of outstanding deficiency repair contributions were greater than the level of assets required for the purposes of Rule 17D(2).</p>
The extent to which the transfer value was scaled back to reflect underfunding.	None
Quantify the amount of the scheme's current surplus or deficit relating to the transferred members.	Not possible to quantify as transfer details not segregated for valuation purposes. To do this accurately would be very involved and costly.
Date of merger/transfer.	JUNE 2006 – Transfer - incoming
Background to the merger/transfer and name of other pension scheme(s).	Transfer into the Group from Invensys Pension Scheme in respect of a number of Protected Persons who transferred into a non-regulated part of EDF Energy business.
Number of active, deferred and pensioner members involved in the merger/transfer, and total number of active, deferred and pensioner members in the pension scheme at	Number of members transferred: 154 active members

the merger/transfer date, separately for each regulated and unregulated business.	
The amount of the transfer value and the principles/basis underlying its calculation.	<p>Assets transferred = £16.5M. Transfer value based on aggregate of individual cash equivalent transfer values.</p> <p>EDF Energy plc paid additional contributions of £3.1M over the period August 2006 to March 2007 to satisfy the requirements of Rule 17D(2).</p>
The extent to which the transfer value was scaled back to reflect underfunding.	None
Quantify the amount of the scheme's current surplus or deficit relating to the transferred members.	Not possible to quantify as transfer details not segregated for valuation purposes. To do this accurately would be very involved and costly.

10. Investment strategy

10.1. Summarise the approach to risk underlying the scheme's investment strategy, indicating how (and why) this has changed in the last ten years.

- The trustees approach to risk underlying investment strategy over the last ten years has become more sophisticated as the scheme has matured and techniques for assessing risk have been developed by investment consultants and actuarial advisers.
- **ESPS Post merger in 2005:** Before making any strategic asset allocation decisions the trustees consider the expected impact on both risk and return. The employer is also consulted on any material issues. The trustees also take into account information ratios and value at risk modelling.
- The trustees also aim to ensure that the size and incidence of company contributions and the impact of the pension scheme on the company's financial statements are broadly acceptable to the company and that cash calls on the company in adverse trading conditions are avoided.
- The trustees policy on risk management has developed since 2005 and includes:

- The primary risk is the risk arising from a mismatch between the group's assets and its liabilities.
- It is recognised that increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the group's accruing liabilities, as well as producing more short-term volatility in the group's funding position. The trustees take investment advice before reaching any decisions.
- The trustees recognise the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the aim is to ensure that the asset allocation policy in place results in an adequately diversified portfolio.
- The documents governing the group's investment manager appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the group. The managers are prevented from investing in asset classes not included in their mandate without prior consent.
 - Arrangements are in place to monitor the group's investments to help the trustees to check that nothing has occurred that would bring into question the continuing suitability of the current investments. To facilitate this, the trustees meet regularly with the group's active investment managers and receive regular reports from all the managers, both active and passive, and the investment consultant. These reports include an analysis of the overall level of risk and return, along with their component parts, to ensure that the risks taken and returns achieved are consistent with those expected.
- The safe custody of the group's assets is delegated to professional custodians (either directly or via the use of pooled funds).
- Should there be a material change in the group's circumstances, the trustees will review whether and to what extent the investment arrangements should be altered and, in particular, whether the current risk profile remains appropriate.
- While the Minimum Funding Requirement (MFR) was in force the group trustees ensured that this funding ratio was maintained at surplus levels.
- Following the merger of the London Electricity group into the Seeboard group in September 2005 the trustees reviewed the strategic benchmark allocation as the combined group was fairly mature with around 60% of total liabilities related to pensioners.
- The investment return objectives of the former Seeboard and London Electricity groups were still in place i.e. both groups Statements of Investment Principles (SIP) remained in force pending a full review. It was felt that the combined benchmark of 70% equities, 29% bonds and 1% cash was excessively risky for a mature scheme.
- Following a full review the trustees moved to a new overall strategic benchmark of 50% bonds: 50% non-bonds (broadly 48% equity and 2% property) from June 2006.
- A policy of passively hedging 75% of the overseas equity exposure back into sterling was implemented with effect from 30 November 2006 to remove volatility from currency fluctuations. This was not a return seeking strategy

change.

- **Seeboard prior to merger in 2005:** The trustees believed their prime duty was to invest the assets in such a manner that the group's liabilities could be met. In doing so the trustees took into account that the company's view that some risk should be taken in an attempt to reduce the cost of providing benefits below that which would be expected from adopting a least risk best matched investment strategy(i.e. a strategy that invested entirely in bond markets).
- The trustees wished to maximise long term returns subject to adequate risk constraints, ensure the security of accrued benefits, pay due regard to the size and incidence of company contributions ensuring a stable pension expense, avoid cash calls on the company in difficult trading conditions and maintain a surplus on an MFR basis.
- When formulating investment strategy the trustees also considered the risks of, a deterioration in the ongoing funding level, there being a shortfall of assets relative to the liabilities as determined if the group were to wind up, the risk that the day to day management of assets would not achieve the rate of investment return within each asset class as expected by the trustees. The trustees recognised that the use of active investment managers involves such a risk but they also believed that this risk is outweighed by potential gains from successful active management.
- **London Electricity prior to merger in 2005:** Following an asset/liability modelling exercise, at the outset of the period under review the group had an objective of controlling risk so that the assets would be sufficient to meet its objectives whilst achieving a good return on the investments made. The trustees considered the stock selection by managers provided a suitably diversified overall portfolio of investments. Investment policy was considered, having regard to the advice of the investment consultant, to be consistent with the objective of meeting the MFR.
- The trustees maintained the approach to risk in October 2002 when reviewing the SIP but began to monitor the ex-ante tracking error of the managers to ensure that the risk within the portfolios remained within appropriate ranges on a quarterly basis.
- In 2003 the trustees had also considered risks such as the possibility of a deterioration in the schemes funding level, there being a shortfall of assets to liabilities if the employer was to wind up and risk that the return on assets within each asset class might not achieve the rate of expected return. This strategy remained in place with some managers being permitted under their mandates to also invest in corporate bonds. The investment strategy aimed to outperform both, the 'least' risk portfolio of gilts which best matches the underlying liabilities and, the actuary's assumptions for future investment returns, relative to the liabilities. This position was maintained in June 2005.

10.2. To what extent does the scheme's investment strategy reflect the employer's covenant, in particular the employer's position as a regulated utility company and the extent of any unregulated business?

- In setting the investment strategy the trustees have taken into account the overall strength of the employer's covenant which includes both the regulated and unregulated businesses.
- As a high proportion of the ESPS membership is or has been employed by the regulated businesses the trustees have taken the importance and strength of the regulated businesses into consideration when assessing the covenant which they consider to be very strong. This in turn has resulted in setting asset allocation strategies which over the long term should result in full funding of the liabilities being achieved without taking undue risk or being excessively conservative; thereby controlling the amount of ongoing employer contributions required but not taking unnecessary risks in seeking returns on investments.

10.3. Provide details of the scheme's asset allocation as at each of the last 9 years' scheme accounts dates (percentage).

Table is for EDF Energy from 31 March 2006 and Seeboard to 31 March 2005. A separate table is inserted immediately below for London Electricity to 31 March 2005.

Asset class	2008	2007	2006	2005	2004	2003	2002	2001	2000
UK equities	22.3	25.0	40.5	36.0	36.3	34.9	36.0	42.4	47.0
Overseas equities	24.4	24.6	29.6	23.6	24.3	23.9	21.0	23.2	23.3
UK property	2.3	2.6	2.7	7.2	6.9	7.6	6.0	5.6	4.7
Overseas property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedge funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK fixed-interest gilts	25.9	28.0	12.6	7.6	8.1	7.5	7.0	7.9	7.1
UK index-linked gilts	14.5	12.7	12.7	16.5	15.5	17.3	14.0	11.5	10.2
UK corporate bonds	8.1	6.4	0.6	7.4	7.0	8.8	13.0	0.0	0.0
Overseas bonds	2.0	0.3	0.0	0.0	0.0	0.0	1.0	5.6	4.0
Cash	0.5	0.4	1.3	1.7	1.9	0.0	2.0	3.8	3.7
Total	100	100	100	100	100	100	100	100	100
London Electricity				2005	2004	2003	2002	2001	2000
UK equities				42.1	40.9	37.9	42.4	42.7	42.8
Overseas equities				32.4	32.3	29.5	29.6	31.4	33.1
UK Property									
Overseas Property				0.2	0.2	0.5	0.4	0.3	0.3
Hedge Funds									
UK fixed Interest gilts				4.8	5.7	6.1	10.8	11.7	9.4
UK index-linked				11.3	11.6	13.4	14.6	12.8	12.2
UK Corporate bonds				6.7	7.8	7.6	0.0	0.0	0.0
Overseas bonds				1.2	0.4	1.8	0.0	0.0	0.0
Cash				1.3	1.1	3.2	2.2	1.1	2.2
Total				100	100	100	100	100	100

Where investments were made in unit trusts and managed funds reasonable assumptions have been made relating to the underlying asset allocation.

10.4. If materially different to the above, provide the intended asset allocation.

No table is required.

10.5. Summarise the scheme's current target investment strategy if different to that as at the most recent scheme accounts date in 10.3 or 10.4.

- Since 31 March 2008 the ESPS asset strategy has been redefined with the allocation to corporate bonds increasing by 5%. There has also been a marginal change in the breakdown between the classes of bonds. The strategic asset allocation as from January 2009 is set out:

Asset Class	Allocation
UK Equity	24.0%
Overseas Equity	24.0%
Fixed Interest Gilts	23.4%
Sterling Non-Gilts	11.3%
Index-Linked Gilts	10.2%
Property	2.0%
Cash	5.1%
Total	100.0%

10.6. Provide details of any expected future changes to the scheme's investment strategy.

- During 2009 the trustees will review the impact of their previous decisions and investigate ways of diversifying the non bond assets (primarily equities) and better matching the bond assets to liabilities (subject to actuarial advice/best practice). The trustees will also take into account the assumptions underlying the last actuarial valuation as a part of this process and will monitor overall market conditions when proposing any changes to the asset mix.
- The trustees have instructed the active bond managers to increase their exposure to corporate bonds (credit) by 5% and will consider permitting increased exposure to credit during the year.
- The trustees propose to increase the overall duration of the bond assets from the current duration of around 8 years to around 15 years, in order to better match the duration of the liabilities which is around 17 years, subject to market conditions.
- Introduce Global Tactical Asset Allocation (GTAA) to a weighting of 5% of current equity allocation or 2.5% of total assets, subject to market conditions.

10.7. What is the long-term annual expected rate of return on the scheme's assets, based on its current target investment strategy?

- The current strategy has a long term expected annual return of 3.4%per annum above gilts (gilts are defined as over 15 year government fixed interest bonds).
- In current market conditions this is estimated as being equal to an expected total return of 6.9% per annum.

10.8. Explain the background to any significant changes in investment strategy over this period, and their effects on expected rates of return.

- **ESPS Post merger in 2005:** The investment return objectives of the former Seeboard and London Electricity groups was still in place i.e. both groups Statements of Investment Principles(SIP) remained in force pending a full review.
- Following a full review the trustees moved to a new overall strategic benchmark of 50% bonds: 50% non-bonds (broadly 48% equity and 2% property) from June 2006.
- The return of this policy over the long term was expected to be at least 2% a year net of expenses above that achieved if no investment risk had been taken with the assets (i.e. if they had been invested solely in a portfolio of long term government debt (gilts)).
- The investment strategy review has been ongoing and the next stage, within the overall strategic benchmark of 50% bonds: 50% non-bonds (broadly 48% equity and 2% property) was to review targets within the split. In March 2008 it was determined that the target equity allocation be split 50% UK, 17.5% US equities, 17.5% European equities, 10.0% Japanese, and 5% Asia Pacific equities. The split within the bond assets was to be cash 9.0%, fixed interest gilts 53.5%, corporate bonds 12.5% and 25.0% index linked gilts. The trustees also took the decision to split the bond assets 50:50 between active and passive management, as well as moving the equity weightings to 60% active and 40% passive, these changes being implemented in the 2007/2008 scheme year. This targeted a long term return of 3.0% a year net of expenses above that expected to be achieved if no investment risk had been taken with the assets (i.e. if they had been invested solely in a portfolio of long term government debt (gilts)).
- **Seeboard prior to merger in 2005:** At the outset of the period under review the Seeboard group had an asset allocation strategy benchmark which was expected to deliver a long term return on assets to exceed both price inflation and general salary growth.
- From 1 January 2002 the group moved to a benchmark of 2% cash, 5% property, the remaining 93% split 65% equities (60% UK: 40% overseas) and 35% to bonds.
- With effect from September 2004 the trustees agreed to an investment strategy which would move from a 60% overall equity allocation by rebalancing over a 3 year time period that would result in a weighting of 45% equities and 55% in bonds and property by 1 September 2007. This rebalancing process was halted upon the merger with the London Electricity group in 2005 pending a full review of the combined assets. At this time the trustees expected the long term return on assets to exceed both price inflation and general salary growth.
- **London Electricity prior to merger in 2005:** At the outset of the period under review the former London Electricity group had a asset allocation strategy benchmark that was invested 75% equity (45% UK and 30% Overseas), 14% index linked Gilts, 10% in fixed interest bonds and 1% in cash. The passive managers tracked equity and gilt indexes while the active managers were given outperformance targets. The trustees expected the strategic benchmark to achieve a long term real rate of return of at least 4% per annum over retail price inflation.
- This strategy remained in place with some managers being permitted under their mandates to also invest in corporate bonds until the next major change in strategy was made at the end of the 2002/2003 scheme year.
- At the end of March 2003 scheme year the overall equity weighting was reduced by 5% and besides increasing the overall bond exposure there was a refinement within

the bond allocation. The asset allocation strategy benchmark was to be invested 70% equity (40% UK and 30% overseas), 14% index linked gilts, 8% in fixed interest bonds, 7% in UK corporate Bonds and 1% in cash. The trustees investment strategy aimed to out perform the least risk portfolio of gilts, which best matched underlying liabilities and the actuary's assumptions for future returns, relative to the liabilities. The active managers continued to be set outperformance targets. This strategic allocation remained in place until the merger.

10.9. Provide the scheme's actual investment returns for each of the last 9 years.

Table below is for EDF Energy from 31 March 2006 and Seeboard to 31 March 2005. A second row is inserted for London Electricity to 31 March 2005.

	2008	2007	2006	2005	2004	2003	2002	2001	2000
Investment return (%)	0.3	3.2	13.9	9.5	20.9	-14.1	-1.8	-6.5	12.2
London Electricity Investment return	N/A	N/A	N/A	10.6	23.8	-19.1	-2.8	-8.3	11.6
Note: The 2008 return excluding currency hedging was 2.1%.									