



Consumers and their representatives, electricity and gas distribution network operators, owners and operators of transmission networks, owners and operators of distributed energy systems, generators, electricity suppliers, employees and trade unions and any other interested parties

Promoting choice and value for all customers

Your Ref:
Our Ref:
Direct Dial: 020 7901 7209
Email: sian.bailey@ofgem.gov.uk

Date: 13 August 2009

Dear colleague,

Seminar on Price Control Pension Principles

On 31 July 2009 we published our second consultation document on our Price Control Pension Principles¹. In that document we stated that we would hold a seminar during the consultation period to discuss the issues raised in the document and to engage with all interested stakeholders and encourage discussion to inform our thinking.

I can now confirm that this seminar will be held on 8 September 2009 at 14:00 in our London Office.

In the document, we set out the outcome of our review to date, and a range of policy options including maintaining our existing approach. Under all options, existing pension liabilities would be funded and would not be put at risk. We are trying to make sure that in future network operators continue to manage their pension costs effectively on customers behalf. We also want to make sure that our arrangements lead to similar incentives on NWOs as other regulated and unregulated companies so that pension arrangements for energy networks track what is happening in other comparable companies.

The seminar will include a presentation by Ofgem on the options, a breakout session in groups to discuss the policy options followed by a feedback session for these groups, closing with a question and answer session.

This seminar and the consultation responses will inform our thinking on how to apply the pension principles, which cover all the price controlled energy networks. We are now undertaking a Distribution Price Control Review (DPCR5) to set the price controls for the electricity distribution companies for 2010-2015. There will be a further consultation in October. We will set out our decisions on the treatment of pension costs in DPCR5 in the Final Proposals due to be published at the end of this year.

¹ Price Control Pension Principles Second consultation document reference 96/09

Attendance

If you would like to attend the workshops then please could you confirm this to sian.bailey@ofgem.gov.uk by **5pm** on **Friday 28 August 2009**. Further details will be sent once place(s) are confirmed.

Yours faithfully



Rachel Fletcher
Director, Distribution