



Distribution network operators,
generators, transmission owners,
electricity suppliers, consumers
and their representatives and
other interested parties

*Promoting choice and value for
all gas and electricity customers*

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Date: 28 May 2012

Dear colleagues

Review of energy network operators' pension costs

As outlined in our decision document, Price Control Treatment of Network Operator Pension Costs Under Regulatory Principles 76/10 dated 22 June 2010¹, we commissioned the Government Actuary's Department (GAD) to conduct a high-level review of the reasonableness of network operators' pension costs. That review has now concluded and a copy of GAD's report is available on our website

<http://www.ofgem.gov.uk/Networks/Pages/Ntwrks.aspx>. Any issues arising from GAD's recommendations will be dealt with as an integral part of the respective price control reviews.

Any questions on this letter or GAD's report should be directed to me. I can be contacted on 020 7901 7220 or by email at william.mckenzie@ofgem.gov.uk

Yours faithfully

Bill McKenzie

William McKenzie
Senior Manager Technical Accounting
Regulatory Finance, Smarter Grids & Governance

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=119&refer=Networks>