

**R/27**

**FRIDAY 24 JULY 2009**

## **EDF ENERGY FINED £2 MILLION FOR POOR CUSTOMER SERVICE ON NETWORK CONNECTIONS**

Energy regulator Ofgem is to fine EDF Energy Networks £2 million for failing to meet statutory timescales for providing offers to customers requesting a connection to its electricity networks. The enforcement action is the latest demonstration of Ofgem's readiness to use its powers to penalise companies who act against customer interests.

EDF Energy Networks is a regulated monopoly. In return for the charges customers pay it is expected to offer good customer service; including provision of connection offers to customers, such as homeowners and housing or business premises developers as soon as is reasonably practical.

There is a back-stop licence requirement of three months for an electricity distributor to make a connection offer. Ofgem's investigation found that since 2006, and despite a warning from Ofgem at that time, EDF Energy Networks failed to meet this deadline in over 100 cases and did not have adequate systems in place to determine whether it was complying with the three-month deadline.

Sarah Harrison, Ofgem's Managing Director, Corporate Affairs, said: "Customers should not have to accept poor service in any part of the energy market. All energy companies should be in no doubt that if they are failing to offer good customer service Ofgem will take tough regulatory action. We recognise that EDF Energy has now taken steps to improve its connections service, but they should have taken this action some time ago. EDF Energy has already paid around £450,000 in compensation to affected customers, and this is reflected in the level of Ofgem's penalty."

Customers must continue to rely on EDF Energy for connections related work as it is a monopoly provider of certain "non-contestable" connection services in London, the East of England and the South East, and faces limited competition in the connections market more generally.\*

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### **Notes to Editors**

1. Ofgem investigated licensees in the EDF Energy group on compliance with Standard Condition 4D and its replacement Standard Condition 12 (Requirement to Offer Terms for Use of System and Connection, of their electricity distribution licences)

Any representations against the penalty proposed by Ofgem must be made by **1 September 2009**.

2 \*When new connections are needed to an electricity distribution network they fall into two categories:

**Non-contestable works**

Non-contestable works are those works that can only be carried out by a distribution network operator and include, for example, determining the point of connection and design approval.

**Contestable works**

Other works such as the installation of cables, sub-stations and other plant associated with the developments which are connected may be carried out by an "Approved Contractor" as well as the DNO. An approved contractor must be registered with Lloyds Register to compete for this work.

3. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

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