

Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Email: retailpriceregulation@ofgem.gov.uk

9 November 2021

Default Price Cap: Consultation on changes to 'Annex 4 - Policy cost allowance methodology' of SLC 28AD to include a Green Gas Levy allowance

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewable generation, including onshore, offshore wind and solar generation, and energy storage. We have around five million electricity and gas customer accounts, including residential and business users. EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We welcome the opportunity to provide comments on Ofgem's consideration of the Green Gas Levy (GGL) and its interaction with the default tariff cap. EDF is supportive of Ofgem's proposal to amend the cap methodology from Cap Period 8 (commencing in April 2022) to fully reflect the additional costs suppliers will be subject to as a result of the Green Gas Support Scheme. As Ofgem has indicated, GGL costs are expected in time to become material as the scheme grows, such that a change to tariff cap methodology will be required in order to take due account of the efficient costs suppliers will face as a result of the GGL.

We also support Ofgem's proposed approach as to how the methodology will be amended, in particular the inclusion of an allowance for the costs associated with GGL that were incurred prior to Cap Period 8, given the scheme is expected to commence in November 2021.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Jon Cole or myself. I can confirm that this letter may be published on Ofgem's website.

Yours sincerely



Rebecca Beresford
Head of Customers Policy and Regulation