

Ofgem (FAO Tim Aldridge)
10 S Colonnade
London
E14 4PU

05 July 2021

EDF response to CMP343 - Minded-to decision and draft impact assessment

Dear Tim

EDF is the UK's largest producer of low carbon electricity. We operate low carbon nuclear power stations and are building the first of a new generation of nuclear plants. We also have a large and growing portfolio of renewable generation, including onshore and offshore wind and solar generation, as well as gas stations 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.

Thank you for the opportunity to respond to the CMP343 – Minded-to decision and draft impact assessment. We have responded to the questions asked in the draft impact assessment below.

Question 1: Do you agree with our assessment of the distributional impacts of the flooring approaches?

Yes. All three of the approaches to flooring evaluated shows impacts to users. The least distortive is the flooring at zero. We expect the Access Significant Code reform to later evaluate a more enduring and cost reflective outcome for the longer term.

Question 2: Do you agree that, of the flooring options presented, flooring at 0 best meets the TCR Principles and Applicable CUSC Charging Objectives?

Yes. We believe that it is important that forward-looking charges are cost-reflective as this will inherently encourage the right behaviours. However, the triad basis of the charge recovery of locational charges at present would create an incentive to consume more energy at peak times in some areas, due to the current triad basis of application of the forward-looking charges. Flooring is not ideal, and can perhaps be reviewed in the longer term, after the completion of the review of the triad basis of application of the forward-looking charges - which is planned as part of the review of access and forward looking charges.

We also note that the implementation of the future review of triad methodology may also coincide with the implementation of CMP343 which will give a more coherent signal to users.

Question 3: Do you agree with our assessment of the distributional impacts of the banding approaches?

Yes. It is clear from the data that transmission connected sites vary considerably by size and a one band approach would not be proportion and fair for users connected at this level.

The concept of banding is not without its flaws. We would believe the bands should be kept under review and encourage Ofgem to review the banding approach in the future should evidence come to light that demonstrates they are becoming ineffective or unfair.

Question 4: Do you agree that, of the banding options presented, four bands best meets the TCR Principles and Applicable CUSC Charging Objectives?

Yes. Of the banding options presented it is absolutely clear that either a single or two-band approach would not be reflective or fair to smaller consuming transmission connected sites. The four band best meets the TCR Principles and Applicable CUSC Charging Objectives.

The TCR principles seek to evaluate if charges are fair and proportional which the four band option meets.

Under the applicable CUSC Objectives the four band option satisfies promoting efficiency in the charging methodology.

Question 5: Do you consider that any of the options presented adequately addresses very small users (including those associated with mixed use sites)?

We believe that the 4-band variant addresses a proportion of smaller users. It was not evident in the workgroup responses that there was an immediate desire to introduce charges for even smaller sites.

If however evidence becomes available that very small transmission sites, which more traditionally connect to the distribution network, face proportionally higher charges then introducing a further sub-set may be appropriate in the future.

Question 6: Do you agree with our minded-to decision to approve CMP343 WACM2?

Yes. Of the options presented it is consistent with the CUSC Panel's view and an overwhelming view of many of the sites connected to the transmission network in the workgroup consultation responses. It is the fairest of the options presented.

Question 7: Do you agree with our minded-to decision that implementation should be delayed by a year, until April 2023?

Yes, we believe there are two reasons why there should be a delay from April 2022 to April 2023.

- There are likely to be some customers facing a larger than budgeted cost in their TNUoS bill and an additional year will better help them manage this cost.
- Ofgem will be reviewing the forward looking charge element of the TNUoS tariff. An additional year may allow users a clearer indication on what an enduring outcome will look like.

If you wish to discuss this response in any further detail please do not hesitate to contact me (mark.cox@edfenergy.com) or Binoy Dharsi at binoy.dharsi@edfenergy.com.

Yours sincerely

A handwritten signature in dark ink, appearing to read "AM Cox".

Mark Cox
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