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12 July 2024

Dear Chris

### **Energy Price Cap: Consultation on ASC Bad Debt Costs Allowance Extension**

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 renewables, including onshore and offshore wind and solar generation, as well as energy storage. With over five and a half 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.

EDF welcomes the opportunity to provide comments on Ofgem's proposed approach to allocating the bad debt related costs associated with Additional Support Credit (ASC) under the price cap. Specifically, EDF is supportive of Ofgem's proposal to extend the existing ASC bad debt allowance beyond September 2024.

It is prudent to expect that ASC levels will continue to be higher than historical levels beyond September 2024, when the current initial ASC allowance is due to end, and that costs associated with ASC bad debt costs are likely to be material and systematic. Furthermore, Ofgem's current Operating Costs allowance review that will consider how best to set this allowance on a more enduring basis is not expected to complete in time for this winter. On this basis Ofgem's proposal to extend the current allowance is a sensible approach.

However, in the event that Ofgem deviates from its proposed approach in advance of concluding its operating costs review, it is essential that suppliers are giving clarity and appropriate notice of any such change in approach. Given the uncertainty around this Winter extending the current allowance until the operating cost review is concluded will allow Ofgem to take account of the latest actual data from this Winter in both setting an enduring allowance and reviewing the allowance already provided.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Steven Eyre, or myself.

I confirm that this letter may be published on Ofgem's website.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Mason", enclosed within a thin black rectangular border.

**John Mason**  
**Senior Manager - Senior Manager (Price Regulation and Market Dynamics)**