

Daniel Newport  
Deputy Director, Price Cap  
Ofgem  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

22 September 2025

Dear Danny,

### **Energy Price Cap Benchmark Review**

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 respond to Ofgem's consultation on a proposed update to price cap assumptions used when benchmarking consumption levels and consideration of accounting for different benchmark consumption levels for different payment methods. It is important that the cap methodology accurately reflects current trends in average energy consumption levels to ensure suppliers can recover their fixed costs under the price cap. On this basis we welcome Ofgem consulting on this matter.

In terms of Ofgem proposals, EDF is fully supportive of Ofgem updating the benchmark consumption level to better reflect the sustained downward trend in average consumption levels since the introduction of the cap. Updating the cap to reflect current consumption patterns will ensure that suppliers are better able to recover their fixed costs under the cap.

Therefore, we support Ofgem's position to implement Option 1. This is the most appropriate option and will update the benchmark in line with the latest typical domestic consumption values (TDCV). This would maintain consistency with existing methodologies while improving transparency and supporting future updates (as the TDCV is updated on a biannual basis).

There would be some merit in moving to Option 2, as this would utilise more recent data which reflects the ongoing reduction trend in consumption by consumers. However, this could lead to complexities and timing challenges for future updates and so is not our preferred solution at this time. We do not support the adoption of Option 3 as this would represent a move away from the precedence used to date in the cap.

Longer term, we would, however, support Ofgem considering how it can evaluate the ongoing reduction in consumers consumption over time and how this can be reflected in the price cap in real time. This would require the adoption of a combination of actual data and forecasting future reductions so that the price cap can accurately capture consumers expected consumption patterns. Once this current change is implemented Ofgem should consider such an approach for future updates.

In terms of implementation, we are supportive of change being made at the earliest opportunity and, therefore, agree with a commencement date of 1 January 2026.

### **Payment method specific approach**

We do not at this stage consider there to be a case for moving to the introduction of payment method specific benchmark consumption levels within the price cap. We share Ofgem's concerns around the distributional impact, complexity, reliability and sourcing of data.

We note that in addition to this consultation, Ofgem has published a number of consultations that seek to amend allowances under the cap with the aim of reducing unnecessary risk and cost under recovery by suppliers. EDF has also recently submitted its views to Ofgem on the key risks currently facing suppliers that are either created or not adequately addressed by the DTC. For as long as there is a stringent approach to setting the cap, Ofgem must ensure under recovery of costs by suppliers is mitigated or risk the sectors stability, attractiveness and financial resilience. We would also note that in this instance and many others Ofgem do not allow suppliers to recover past losses when bringing in such change, continuing to do so is unsustainable and risks suppliers financial resilience. Therefore, this suite of changes is necessary to retain the stringent nature of the cap methodology, as a stringent approach can only be retained if Ofgem ensure all allowances are kept up to date to reflect the actual costs that suppliers incur. For this reason, Ofgem must update the price cap and implement any required changes as soon as any discrepancies between the costs suppliers incur and the price cap methodology are identified.

We look forward to working with Ofgem on implementing timely proposals across the package of proposals that are current subject to consultation.

Should you wish to discuss any of the issues raised in our response, please contact Steven Eyre, or myself. I confirm that this letter and annex may be published on Ofgem's website.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Mason".

**John Mason**

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

## **Annex: Consultation Questions**

### **Part A**

#### **1. Do you agree that benchmark consumption in the price cap should be updated?**

Yes, updating the benchmark to reflect customers actual consumption levels is necessary and overdue. As long as Ofgem retain a stringent price cap it is essential that all allowances and costs are kept up to date to reflect the actual costs suppliers incur.

#### **2. Do you agree with our minded-to proposal to update the benchmark consumption level using the latest TDCV?**

Yes, this reflects the previous precedent and is the most sensible approach. However, once this update is implemented Ofgem must consider and provide clarity on the approach it will take (how often/methodology) to keep this up to date moving forward.

#### **3. What are your views on the alternative approach of using 2023 DESNZ median consumption data?**

There would be some merit in moving to this option, as this would utilise more recent data which reflects the ongoing reduction trend in consumption by consumers. However, this could lead to complexities and timing challenges for future updates and so is not our preferred solution at this time.

#### **4. What are your views on the option of using 2023 DESNZ mean consumption data, including any implications for the headroom allowance or other elements of the cap?**

We do not support the adoption of Option 3 as this would represent a move away from the precedence used to date in the cap.

### **Part B**

#### **Questions**

#### **1. Do you consider that there is a case for introducing payment method specific benchmark consumption levels within the price cap?**

No, as Ofgem recognise this would introduce complexity to the price cap methodology to the detriment of consumers. In addition, as Ofgem in recent years has taken actions to reduce payment method differentials then any resultant impact could then be partially levelised or socialised via other regulatory interventions. Therefore, progressing such a change is not a sensible use of resource at this time.

**2. We have considered a proposed method of calculating payment-specific benchmarks using the 2023 TDCVs weighted by average consumption data from the Debt-related Costs RFI, are there alternative data sources or methodologies you believe we should consider?**

No, EDF is not aware of any alternative data sources.

**3. What are your views on the potential distributional and operational impacts of introducing payment-specific benchmarks?**

Such a change may make it more difficult for consumers to make comparable choices and will make communicating price cap changes more difficult for suppliers to do so in a way that is understandable to customers.