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15 May 2026

Dear Daniel

### **Market Stabilisation Charge licence condition**

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. EDF is therefore driving the transition towards '[an Electric Britain](#)' – a secure, affordable, low-carbon future for everyone. As [Britain's biggest generator of zero carbon electricity](#), we are investing more than £100 million weekly in Britain's electricity infrastructure. We supply millions of customers with electricity and help homes and businesses switch to electricity for heating, transport and industrial processes.

EDF supports Ofgem's proposal to reinstate the supply licence condition for the Market Stabilisation Charge (MSC).

EDF agrees with Ofgem's proposal to amend licence condition 24A to enable it to activate the MSC via a statement in writing, and to remove the sunset clause. It is the correct decision by Ofgem to ensure it has ongoing timely access to this measure given the current instability driven by the conflict in the Middle East.

Due to the significant market volatility, we urge Ofgem to open its consultation on the activation of the MSC at the earliest opportunity following the conclusion of this statutory consultation. Ofgem must work with suppliers, and other stakeholders, to transparently assess the current level of risk in the market and ensure that the appropriate regulatory protections are in place to anticipate and prevent avoidable detriment.

It is EDF's view that bringing the MSC into force, so that it is triggered if there is a significant short-term reduction in energy prices, is the best short-term decision to provide both suppliers and customers with confidence in the ongoing stability of the retail energy market.

The conflict in the Middle East has disrupted international gas supply and caused significant market volatility. Based on Winter 26 futures contracts, gas and power prices increased sharply following the onset of the conflict. Between mid-February and their March peak, gas prices rose

by ~100%<sup>1</sup>, while power prices increased by ~55%<sup>2</sup>. Prices remain materially elevated as of 7 May; gas prices are still approximately 45% higher and power prices around 30% higher than mid-February levels. This ongoing uncertainty continues to pose a risk to the price outlook.

We note the backdrop to this new crisis differs from (and has been exacerbated by) the previous crisis, with c.£8 billion in consumer energy debt expected to have accrued by Winter 2027/28<sup>3</sup>, and with several suppliers, including larger ones, failing to meet Ofgem's capital adequacy requirements.

It is essential that Ofgem takes effective steps to support supplier confidence in the sustainability of sensible hedging strategies to mitigate supplier and consumer exposure to high energy prices. By mitigating the currently extraordinary risks, Ofgem can prevent further supplier failures, as seen in the previous energy crisis, and avoid the significant Supplier of Last Resort costs that ensued, pushing up energy prices and costing consumers billions.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Mark Hatton, or myself.

I confirm that this letter and its attachment 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)**

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<sup>1</sup> [UK NBP Natural Gas Futures](#)

<sup>2</sup> [UK Base Electricity Future \(Gregorian\)](#)

<sup>3</sup> Baringa - Roundtable no.3 – Household Energy Debt: Progressing Solutions – 29 April 2026

**Attachment**  
**Market Stabilisation Charge licence condition**

**Q1. Do you agree that an MSC could help to manage the impact of falling wholesale prices?**

Yes. EDF supports Ofgem's proposal to reinstate the supply licence condition for the Market Stabilisation Charge (MSC). The MSC has been proven to be an effective mitigation against significant market volatility, providing essential protection to consumers and energy suppliers.

**Q2. Do you have any comments on the consumer impacts of an MSC?**

It is consumers best interest that Ofgem takes effective steps to support supplier confidence in the sustainability of sensible hedging strategies to mitigate supplier and consumer exposure to high energy prices. Failure to achieve this could lead to significant detriments. These could include costs incurred as a result of possible disorderly or unplanned exits from the market, as well as more general problems of consolidation and the impacts on competition, barriers to investment and innovation, and potentially impaired service. The costs associated with these risks, for all customers, would outweigh the short-term benefit of active customers being able to access lower prices more quickly.

**Q3. Do you agree with our proposed licence drafting?**

Yes. EDF agrees with Ofgem's proposal to amend licence condition 24A to enable it to activate the MSC via a statement in writing, and to remove the sunset clause. It is the correct decision by Ofgem to ensure it has ongoing timely access to this measure given the current instability driven by the conflict in the Middle East. Retaining this flexibility over the longer-term is sensible, to ensure Ofgem is able to react appropriately to future events without unnecessary procedural and statutory constraints or delays.

**Q4. Do you have any comments on our intended process?**

Due to the significant market volatility suppliers are currently facing, we urge Ofgem to open its consultation on the activation of the MSC at the earliest opportunity following the conclusion of this statutory consultation. Ofgem must work with suppliers, and other stakeholders, to transparently assess the current level of risk in the market and ensure that the regulatory protections are in place to anticipate and prevent avoidable detriment.

On this basis, EDF's view is that Ofgem should conclude that bringing the MSC into force, so that it is triggered if there is a significant short-term reduction in energy prices, is the best short-term decision to provide both suppliers and customers with confidence in the ongoing stability of the retail energy market.

**EDF**  
**May 2026**