



TotalEnergies

TotalEnergies Gas & Power Ltd

DUoS Team
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20th August 2026

Dear DUoS Team,

Notice period options for network charges for the start of ED3

TotalEnergies is the UK's leading gas and electricity supplier to businesses and the public sector. We have been active in the non-domestic market for over 20 years and welcome the opportunity to respond to Ofgem's consultation on the notice period options for network charges for the start of ED3

We are concerned that the proposal to reduce notice periods would transfer risk from parties with a lower cost of capital to suppliers, ultimately increasing customer bills. Shorter notice periods would also increase cashflow uncertainty for non-domestic customers and suppliers, make fixed-term pricing more difficult, and risk higher costs and poorer outcomes across the market.

Ofgem and DNOs should work to minimise this risk as far as reasonably possible, without transferring it to suppliers. We would therefore support solutions such as Ofgem issuing a letter of comfort to DNOs where appropriate.

We have answered all the consultation questions at the end of this letter.

Should you have any queries arising from our response, please contact Andrew Jones (andrew-e.jones@totalenergies.com).

This response is not confidential.

Yours sincerely,

Andrew Jones
Head of Regulation
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Q1. Are there any other notice periods options that may be appropriate for Year 1 of ED3?

We strongly oppose any reduction to the current notice period as set out in options 3 and 4. Option 1 presents the lowest risk for suppliers minimising costs to customers, although Option 2 may be an acceptable compromise for this one period, if it supports DNO planning and risk mitigation. We would also support an increase to the existing notice period, as this would give non-domestic customers more time to plan for changes in transportation costs. In the non-domestic market, customers often contract well in advance of the contract start date, so earlier visibility of non-commodity charges enables suppliers to price more accurately and reduces the risk of additional costs being passed through to customers.

Q2. Under Option 1, is a letter of comfort required to address the risk of over-and under-recovery – as we did for ED2?

We have serious concerns about any proposal to reduce notice periods, as set out in our responses to Q5 and Q6. A less damaging approach would be to allow DNOs to set charges without the risk of penalty where those charges fall outside the existing narrow allowed revenue tolerances. This would avoid the harmful effects of shortening notice periods, where we are concerned about transferring risks from DNOs to suppliers. With the awareness that Supplier risk is more expensive to support than DNO risk, as the cost of borrowing is higher. Therefore risk transfer will lead to higher customer bills and no additional benefits. We therefore support Ofgem issuing a letter of comfort to DNOs on this basis.

Q3. How long do DNOs need to prepare and publish charges after receiving the final inputs relevant for a given option (for example, Final Determinations for Option 4)? Does it vary for different options?

We are not a DNO, however Ofgem should be able to look at previous timetables DNOs met.

Q4. How long do LDNOs need to prepare and publish charges after DNO charge publication where a notice period derogation is in place?

We are not a LDNO, however Ofgem should be able to look at previous timetables DNOs met.

Q5. Do you agree with our initial assessment of the options for Year 1? Please provide evidence to support your views, including benefits and risks with each option. In particular, please provide evidence of the degree to which risk premia could change under Options 2, 3 and 4 as compared with the baseline of Option 1.

No. We have apprehension about reducing the notice periods under Options 3 and 4, which will be financially detrimental to non-domestic customers. While Option 2 is not ideal, it is less likely to result in a material increase in customer costs. For non-domestic suppliers we do not agree with the DNOs' view that longer notice periods increase year-on-year variability and

expose suppliers and customers to greater revenue or cashflow uncertainty. Assumptions using the domestic price cap do not translate to the non-domestic market.

Shorter notice periods reduce suppliers' ability to accurately price fixed-term contracts, increasing the risk of error in multi-year contract forecasts. For customers on pass-through contracts, shorter notice periods also reduce the time available to plan for changes in cashflow.

We also disagree with the suggestion that DUoS charges are not a critical cost factor for non-domestic customers. These costs cannot be hedged in the same way as wholesale energy costs, nor can they be meaningfully reduced through competition. Certainty over network charges is therefore essential UKPLC, with many of our customers very concerned about the late nature of these non-commodity charge changes and volatility that they can face from them, which could be exacerbated by a new price control round. Notification really cannot be given to customers at too shorter notice.

We consider that the principal benefit of reducing notice periods would be to reduce regulatory risk for DNOs when setting charges within under- and over-recovery limits. This issue can instead be addressed through a letter of comfort, as was used for ED2, without transferring additional risk to suppliers and customers.

This proposal also forms part of a wider trend of networks seeking to reduce their own exposure by transferring risk to suppliers, as seen in DCP469 and CMP475. As asset-backed organisations, networks are better placed to manage this risk centrally and at a lower cost of capital than suppliers. The current notice period gives customers valuable certainty, and any reduction to this or other network charge notice periods, across both gas and electricity, would be harmful to the market.

Q6. Do you agree with our initial assessment of the options for Year 2? Please provide evidence to support your views, including benefits and risks with each option.

No. Consistent with our response to Q5, any reduction to existing notice periods would be detrimental to customers. Shorter notice periods would increase cashflow uncertainty for non-domestic customers and suppliers, make fixed-term pricing more difficult, and ultimately risk higher costs and poorer outcomes for the market.

Q7. What was the impact of the year-on-year variability in charges at the start of ED2 on contractual arrangements, budgeting and any other relevant elements of your business/experience? Please include reference to the impact this had on your customers. Did the longer notice period compensate for this variability?

During ED2 we have noticed longer notice periods do compensate for variability across all the DNO & LDNO cost announcements, lowering risk and so lowering the final costs customers have to pay.

We have noticed that during ED2 notifications of DUoS costs were not sign posted as clearly as we would expect that they were part of the ED2 process. It is just a small note, but moving forward costs should be attributed to the part of the RIIO framework they belong to.