Price Protection
Ofgem
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Email to: priceprotectionpolicy@ofgem.gov.uk

28 October 2026

Dear Daniel

Market Stabilisation Charge activation

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 strongly supports the immediate activation of the Market Stabilisation Charge (MSC). In this consultation, Ofgem has rightly acknowledged the significant risks to market stability and investability caused by the conflict in the Middle East and other driving factors.

The current level of gas prices, coupled with significant forecast uncertainty for Winter 2026 and beyond, means a sudden drop in gas prices represents a clear risk to supplier financial resilience. This could result in customers switching away from default tariffs for lower price deals in far higher volumes than can be accurately forecast. Without the MSC, this would leave suppliers who have hedged prudently facing significant losses. Activating the MSC will immediately provide greater certainty for suppliers and will support prudent hedging strategies.

Rather than set aside an additional two weeks to make its decision, following the conclusion of this short consultation, Ofgem should activate the MSC as soon as is practicable to bolster supplier confidence in their hedging arrangements. To this end, EDF supports retaining the existing MSC parameters to assist with the swift reinstatement of the measure, and to take advantage of the familiarity of suppliers and other stakeholders with these criteria.

We note Ofgem has not set a fixed duration for the period the MSC will remain active, and has undertaken to consult with suppliers and other stakeholders before deactivating the measure. When this point is reached, Ofgem must also seek views on retaining the MSC on a permanent basis. Ofgem must at least allow consideration for this before coming to any decision. It is EDF's

view that making the MSC permanent would allow it to continue to act as a backstop to any future or resurgent market volatility, incentivising sustainable ongoing Default Tariff Cap hedging strategies for suppliers on an enduring basis. This will ensure that, if necessary, the MSC will be in a position to initiate payments without any delay or the need to undertake further consultation or preparatory work, e.g. RECCo payment framework administrative preparations. We note that the MSC can remain active, but dormant, without payments being actively transferred where the defined market parameters are not met.

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



John Mason
Senior Manager (Price Regulation and Market Dynamics)

Attachment
Market Stabilisation Charge activation

Q1. Do you have any comments on our description of the current market context?

EDF agrees that Ofgem has recognised the primary sources of concern and drivers of risk in the current market context.

Faced with a potentially unseasonably mild UK winter decreasing demand, the potential for the Middle East conflict to ease rapidly, and grappling with the significant forecasting uncertainties created the 'Super' El Nino, energy suppliers are today facing significant uncertainties when making hedging decisions.

The current level of gas prices, coupled with significant forecast uncertainty for Winter 2026 and beyond, means a sudden drop in gas prices represents a clear risk to supplier financial resilience. This could result in customers switching away from default tariffs for lower price deals in far higher volumes than can be accurately forecast. Without the MSC, this would leave suppliers who have hedged prudently facing significant losses. Activating the MSC will immediately provide greater certainty for suppliers and will support prudent hedging strategies.

Q2. Do you agree that we should activate the MSC?

Yes. EDF strongly supports the immediate activation of the Market Stabilisation Charge (MSC). In this consultation, Ofgem has rightly acknowledged the significant risks to market stability and investability caused by the conflict in the Middle East and other driving factors.

Q3. Do you have any comments on our proposed MSC guidance?

No.

Q4. Do you agree with our proposal to keep the MSC parameters unchanged?

Yes. EDF supports retaining the existing MSC parameters to ensure simplicity, ease and predictability assists with the swift reinstatement of the measure, and to take advantage of the familiarity of suppliers and other stakeholders with these criteria.

Q5. Do you agree with maintaining the MSC trigger as a percentage value?

Yes.

Q6. Do you agree with not including deferred allowances in the MSC calculation?

Yes.

Q7. Do you have any comments on the notice period required for activating the MSC?

Yes. Rather than set aside an additional two weeks to make its decision following the conclusion of this short consultation, Ofgem should consider activating the MSC as soon as is practicable to bolster supplier confidence and provide a clear message of support for the ongoing investability of the domestic energy retail market.

However, we support the provision of a full days' notice from a decision being announced and the activation of the MSC. This will provide adequate time for all industry participants to prepare for the implementation.

Q8. Do you agree with our proposed approach to deactivating the MSC?

EDF agrees with Ofgem's proposal not set out a fixed duration for period the MSC will remain active, and to consult with suppliers and other stakeholders before deactivating the measure. In addition, when Ofgem triggers this consultation, it must include consideration of retaining the MSC in its activated status, whereupon it can continue to act as a backstop to any future or resurgent market volatility, incentivising sustainable ongoing Default Tariff Cap hedging strategies for suppliers on an enduring basis. This will ensure that, if necessary, the MSC will be in a position to initiate payments without any delay or need to undertake further consultation or preparatory work, e.g. RECCo payment framework administrative preparations. We note that the MSC can remain active, but dormant. without payments being actively transferred where the defined market parameters are not met. As above, this will support supplier confidence and bolster market stability and resilience without any negative impacts.

Q9. Do you have any comments on our draft impact assessment?

No comments.

EDF
October 2026