

Our Ref 50.12/PM  
Your Ref

Gary Keane  
Distribution Policy Manager  
Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE



Date 20 February 2004

Dear Gary,

**Electricity distribution rebates to suppliers – decision document**

Thank you for the opportunity to comment on the above decision document.

You will be aware that to date, neither EDF Energy nor any of its predecessor companies has needed to make use of rebates applied to the published use of system charges. However, we do see rebates and one off charges as a useful tool to assist price controlled distributors in managing their business. We are pleased that Ofgem have recognised this in their decision document.

To the degree that our charging methodology has been followed and has been agreed with Ofgem as a part of changes being considered by the Structure of Charges Review and in particular the impact of the new EU Directive and that the requirement to apply one off charges or rebates has occurred as a result of events generally outside of the reasonable control of distributors, we would assume that such consent would not unreasonably be withheld.

Notwithstanding this, we recognise the need for the improved framework on the use of rebates that this decision achieves and support the clarity on charges that this provides to customers.

**EDF Energy  
Atlantic House  
Henson Road  
Three Bridges  
Crawley  
West Sussex RH10 1QQ**

EDF Energy plc  
Registered in England and Wales  
Registered No. 2366852  
Registered Office:  
40 Grosvenor Place Victoria  
London SW1X 7EN

**[www.edfenergy.com](http://www.edfenergy.com)**

In particular, we welcome:

- The reduction in the notice period for DUoS tariff changes, from 5 months to 3 months, although we are disappointed that this has not been implemented for tariff changes required at around 1 April 2005 as a result of the outcome of the distribution price review and implementation of necessary Structure of Charges changes. It is therefore likely that any potential notice of required changes at 31 October will only provide a reasonable endeavours view of “across the board” average variations in charging levels
- The introduction of a ‘non-penal’ interest rate dead band for over or under recovery of less than or equal to  $\pm 2\%$  to allow for forecasting error, etc. However we seek feedback from Ofgem as to the justification or benefits for applying other than a “base rate” adjustment as we would have difficulty supporting the current proposed levels

I hope you find our comments helpful. If you would like to discuss any of the points made above, please do not hesitate to contact me.

Yours sincerely,

**Peter Merrick**  
Head of Regulatory Affairs,  
Networks Branch