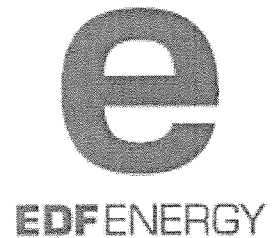


Our Ref
Your Ref

Direct line: 020 7752 2200
Fax: 020 7752 2128

Iain Osborne
Director of Consumer Markets
Ofgem
9 Millbank
London
SW1P 3GE



4 May 2004

Dear Iain

Objections for debt: Direct Debit domestic customers.

Thank you for providing us with the opportunity to comment on the above issue, as described in your letter dated 17 March. This response is made on behalf of EDF Energy, which owns the energy retail brands London Energy, SWEB Energy, Seeboard Energy and Virgin HomeEnergy.

I confirm that our response can be treated as non-confidential and may be placed on your website.

We found your letter to be a useful clarification for the industry of the rules relating to objections in the case of direct debit customers. We are pleased to confirm that our current processes are within the guidelines presented.

We have found direct debit to be an effective method of billing and collection and we have no evidence to support the assertion that direct debit customers fail to pay their closing bills.

With regards to the points you make under *Wider Policy*, we share your concern that a particular supplier is intending to amend its direct debit arrangements as described. This action, if taken, will treat direct debit customers as though they are customers paying off debt rather than rewarding their regular payment method. We believe that this course of action, which will lead to these customers being locked into service provision with that supplier for half of each year, will generate a significantly poorer customer experience and in turn result

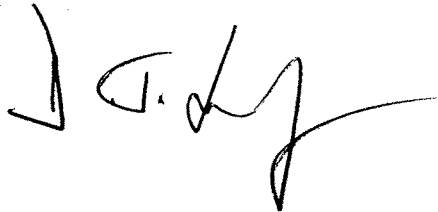
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Registered Office:
40 Grosvenor Place Victoria
London SW1X 7EN

www.edfenergy.com

in increased complaints and a poorer public perception of that supplier. We naturally hope that this perception will not extend to the industry as a whole.

We hope you find these comments helpful. If you wish to discuss any of these issues further please contact Ann Neate on 01273 428464 or myself.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Linford', with a long horizontal flourish extending to the right.

Denis Linford
Head of Regulation