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Draft Guidance on Impact Assessments

Dear Michael

Thank you for giving EDF Energy the opportunity to respond to Ofgem's draft guidance on impact assessments. The draft is a well-presented piece of work which we welcome as a helpful public statement of how Ofgem will conduct high-quality assessments of impacts as an integral part of regulatory policy development.

We agree with the comment that impact assessments should include both qualitative and quantitative analyses. We accept that it is not always possible to carry out a meaningful cost benefit analysis and that it may be preferable in some cases to have a range of scenario values from best to worst.

We welcome the proposed extension of the consultation period to six weeks wherever possible, while noting that this may not always be possible.

We are concerned that no reference is made to the inclusion of discussions by relevant work groups sponsored by Ofgem. We believe that a summary of discussions from the appropriate meetings of such groups would normally be a key component of an impact assessment in relevant cases. We also believe that Ofgem should adequately address all issues raised by such groups on a point-by-point basis.

We note that Ofgem has proposed three stages to any consultation process, covering (i) an initial, (ii) a partial, and (iii) a final impact assessment. We are concerned that this could greatly increase the number of consultations issued by Ofgem.

Above all, we consider that the option of doing nothing should always be the baseline case in an impact assessment, against which any proposal for regulatory change is tested, unless there is some relevant legislative requirement which would make the option of doing nothing clearly inappropriate or perhaps unlawful.

If you would like to discuss any of our comments further, please contact Helen Bray on 020 7752 2518, or me.

Yours sincerely

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