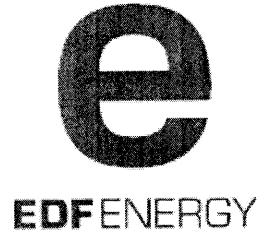


Direct line: 07971 152430

Joanne Taylor
Project Manager
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE



Date 1 October 2004

Dear Joanne,

Title: 'Consultation Response' – Objections under deemed contracts for non-domestic customers

Thank you for providing us with the opportunity to comment on the consultation regarding objections under deemed contracts in the non-domestic gas and electricity markets. This response represents the views of EDF Energy, which includes the retail brands of London Energy, SWEB Energy, Seeboard Energy and Virgin HomeEnergy. I confirm that our response can be treated as non-confidential and may therefore be placed on your website.

We agree that, following the January 2004 changes to objection rules within the MRA and the Gas Licences, and the subsequent diverse interpretation of the new provisions, the position in respect of deemed contracts for non-domestic customers would benefit from further clarification. We therefore welcome this consultation and the opportunity it provides to clarify the position.

It is our view that the ability of a supplier to object for deemed contracts should be permitted. There are positive implications in terms of debt management, where recovery costs for such customers changing to a new supplier would otherwise be high and smeared across customers in general. It also facilitates the provision of a consistent and manageable customer experience.

Having considered the options proposed in the consultation document, we do not, therefore, support Option 3 and the proposal that such provisions should not be available.

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Further consideration of the remaining options (1 and 2) leads us to the conclusion that we would be minded to support Option 2, as we believe that this approach would provide the transparency of objection provisions, addressing some of the concerns raised by parties to earlier discussions.

We also believe that the circumstances, which would be defined under Option 2, need not be extensive, and possibly only for debt. We note the proposal that these provisions should be the subject of further consultation. We support such an approach and would, of course, provide further views as part of this process.

If you have any queries on this response please contact me on 07971 152430.

Yours sincerely

Paul Waite
Market Governance Manager