

Tel: 020 7752 2200
Fax: 020 7752 2128

David Barnes
Head of Social Affairs
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE



1 September 2005

Dear David

Social Action Strategy

Thank you for providing us with the opportunity to comment on Ofgem's social action strategy. This response is made on behalf of EDF Energy incorporating the retail brands of London Energy, SWEB Energy, Seaboard Energy and EDF Energy.

We agree with your identification of four key themes and we welcome the opportunity to work with Ofgem and other stakeholders in the delivery of these programmes.

Ofgem's efforts to stimulate real action to alleviate fuel poverty is welcome. We believe all relevant stakeholder groups should work closely together and that government has a critical role in making this happen. It is encouraging that Ofgem has recognised this as a key objective, We would be keen to learn how Ofgem intends to ensure that increased government support and involvement will happen.

The Ofgem initiative "Powering the Energy Debate" to promote dialogue with key stakeholders on the issues and measures to help tackle fuel poverty is a positive move. We believe that the issues will only be resolved by all parties taking a more holistic approach to its alleviation.

We are pleased that Ofgem has recognised that special tariffs have been developed for the fuel poor. As you know, EDF Energy responded positively to calls to help the fuel poor through special products, such as our targeted price freeze pledge in January 2005 and we expect other suppliers to follow our lead.

More detailed comments on each of the themes are highlighted below in Attachment 1. I hope you find these comments helpful. If you have any queries, please do not hesitate to Ann Neate on 01273 428464 or me direct.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Linford', written in a cursive style.

Denis Linford
Director of Regulation

Attachment 1

Regulatory obligations, monitoring and reporting

We are pleased that Ofgem has recognised that as an industry we have supplemented our regulatory obligations with a range of corporate social responsibility (CSR) initiatives and that these play an important part in helping vulnerable and low income customers.

We are actively working with Ofgem and the ERA on the supply licence review and it is our view that a balance between self regulation, licensed obligations and appropriate legislation is the way forward.

The work being undertaken to review the data currently collected by Ofgem is helpful as the information now provided is complex and needs to be made simpler and more accessible to customers.

We also welcome the opportunity provided by statutory changes brought into force through the implementation of the Energy Act for Ofgem to consider extending the range of payments that can be collected through a prepayment meter. Any future proposals should avoid creating uncertainty and allow suppliers to make informed decisions regarding their capability to offer individual customers particular options.

Best practice and research

We are encouraged that Ofgem plans to track companies' performance, encouraging them to adopt best practice in debt prevention and the provision of special services. However, we believe that this should be delivered through self regulation so that suppliers can be innovative in approach and differentiate their products and services. This will enable all suppliers to build upon industry best practice whilst allowing flexibility and choice over which initiatives to take up.

The proposals by energywatch to carry out customer research into the effectiveness of the current PSR arrangements are welcome and we look forward to receiving the findings of the research. It has been known for some time that the current criteria for eligibility to be included in supplier registers needs to be reviewed and it will be interesting to discover whether consumer research supports this view.

In terms of the targeting of PSR services to potential customers, we believe that more joint working needs to occur with the appropriate government departments as help is not reaching all those customers who could benefit.

We agree that benefit health checks are extremely effective in raising the income of disadvantaged households and would seek Ofgem's support in making this an integral part of EEC programmes, with due allowance for the costs incurred by suppliers. We agree that we need to ensure that customer take-up actually happens and are therefore interested in attending the proposed Ofgem workshop in October to discuss ways of improving

effectiveness. Our experience of this in the London Warm Zone project could help in understand the issues.

Although we have developed our own fuel poverty modelling tool, it would also be helpful to receive information from government offices which we could then use to ensure that our services and products are targeted more consistently to those customers who will benefit.

To this end, we have supported Peter Lehmann's request for details of what information could be useful to us. Whilst the Data Protection Act may pose some problems, we are keen to drive forward solutions that can help to improve the accuracy of our targeting tools and we believe that there are workable options.

Knowledge and influence

We support the need for early dialogue on future EEC2b proposals. It is particularly important that the strategy is reviewed with a view to better targeting of the fuel poor.

We believe we have a unique opportunity to explore ways that can widen the remit of the EEC, giving us the flexibility to focus on fuel poverty, via the inclusion and strengthening of support mechanisms that aim to tackle income and energy cost. At the same time it may be possible to increase energy savings whilst maintaining the parity of benefits across different customer groups that we know is of concern to Ofgem.

We have a desire to improve the effectiveness of our work in this area and the work of the recently convened Fuel Poverty Advisory Group (FPAG) subgroup to look at improvements in tackling fuel poverty in a coordinated way is a good example of how we can work together and make a real difference.

EDF Energy is a supporter of the fuel direct scheme but we believe that its eligibility criteria are currently too narrow and costly to administer. We would welcome the opportunity to work with Ofgem to introduce changes that would make the scheme available to a wider group of customers and reduce the costs of its administration.

We also support the need for a more holistic approach to targeting advice to prepayment meter customers in order that they do not self disconnect. In recent years we have carried out research into the number of customers who have self disconnected. This research showed that, of the small proportion of customers who self disconnect, most do so for only a short period of time because they have forgotten to charge their key/card/token, but that there are a very few customers who do so because they have no money. The latter are the customers that suppliers need to reach and we look forward to exploring the opportunities for better achieving this aim.

Information for customers

We are pleased that Ofgem recognises that better publicity and targeting are required if we are to reach all customers with appropriate advice and help. Whilst we recognise the benefits that are derived from information provided in codes of practice and materials on grants, we believe that further work needs to be undertaken by Ofgem on promoting and advertising the various schemes, services and grants available. We also believe that government has a key role to play in measuring the uptake of such schemes. To date, no real indicators are available to give customers and suppliers confidence that customers actually act upon information provided.