

Our ref 50.18\Ofgem Discretionary Award

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BY E-MAIL AND POST

Date 8 December 2005

Dear Angela

Electricity Distribution Customer Service Reward Scheme

I am writing to you, on behalf of EDF Energy, in connection with Ofgem's recent open letter on the Discretionary Reward Scheme. The contents of our response are not confidential and can be published on the Ofgem website.

We are fully supportive of Ofgem's work in this area and consider this initiative to be an effective vehicle for driving improvements in customer service. We are pleased to have this opportunity to comment on the format and structure of the Scheme, and have detailed our views below:-

1. Proposed split of total reward across the three categories

We consider that the weightings are appropriate and agree that there should be a greater focus on the priority customer care initiatives category, in recognition of the challenges prevalent in this area and of the Authority's relevant statutory objectives.

As Ofgem is aware, in respect of DNOs, 'priority customers' include those eligible for inclusion on the register maintained under Standard Licence Condition 17.2, i.e. those who have special communication needs or who depend on electricity for medical reasons. Persons of pensionable age are not eligible for inclusion on the register unless they happen to fall into one of these groups. However, they are eligible for any services described in the licensee's code of practice made under Standard Licence Condition 17.1. Ofgem's press release of 22 November 2005 suggests that the elderly per se are regarded as priority customers.

It is our recommendation that initiatives falling into this particular category include both groups - those on the register and those who are of pensionable age. Clarification on this point would be helpful.

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2. Should the Panel decide the scope of the categories and how the reward is weighted across those categories in future years?

We believe that it is appropriate for the Panel to recommend the scope and weighting of future reward categories, provided that such recommendations remain consistent with the scope of the relevant licence obligations and are consistent with the Authority's statutory duties. It would be helpful if the Panel consulted on any material changes in scope with the relevant stakeholders, including the DNOs, and agreed any changes in sufficient time for the companies to respond.

3. Proposed minimum requirements of best practice outlined for each category

The proposed minimum requirements are appropriate indicators of a DNO's eligibility to apply for a reward under the Scheme.

4. Is it appropriate that DNOs have their reward submissions supported by relevant external stakeholder organisations? What would be the most effective way to do this?

We agree that DNOs taking part in the Scheme should be expected to demonstrate the impact of their initiatives. Validation could come from verifiable evidence provided by the DNO and, where appropriate, support from a relevant stakeholder organisation.

5. Format of the Best Practice Register

We have no specific comments to make on the format of the Best Practice Register. However, we fully support the concept and view it as an effective mechanism for raising general awareness of the services provided by DNOs in each of the areas covered by the Scheme.

6. Possible members for the Panel

The proposed size of the Panel (five voting members) may not be sufficient to represent the views of all key stakeholders, as it is likely that some DNOs will have established relationships with different consumer and industry bodies in their respective licensed areas.

We recommend that appointments to the Panel are on a 'time limited' basis and that a proportion is changed every two to three years. This will ensure diversity in the stakeholder groups and areas of the country which are represented, and will also encourage a broader spectrum of views.

I hope that our comments are helpful. If you would like to discuss any aspect of this response in further detail, please contact me on 01293 509274.

Yours sincerely

Simon Rowe
Head of Customer Service – Networks Branch