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Dear Simon

Electricity Distribution Licence Review

EDF Energy welcomes the opportunity to respond to Ofgem's consultation on the Electricity Distribution Licence Review. We are responding on behalf of all of our electricity distribution interests and all of our electricity supply interests.

We very much welcome this work and are generally pleased with the draft licence published as part of the consultation.

As we were closely involved in this area of work, we have only a small number of observations on your consultation questions, which we have detailed below.

DUOS Tariff Changes

We acknowledge the issue arising from the three-month rule for use of system tariff changes, from both a DNO and an IDNO perspective. We believe that the possible options are as follows:

1. Reduce the timescale of the notice period for IDNOs – however, suppliers are unlikely to be happy with this, even if the implementation date for the price changes is the same for the DNO and IDNO changes
2. Require DNOs to inform the IDNOs of changes in advance of the three-month period, so as to allow IDNOs to publish changes at the same time as the DNOs. This places additional obligations on DNOs and is beyond the scope of the DLR work, which was intended to clarify the licence, not to introduce additional obligations
3. Leave the licence condition unchanged but propose to IDNOs that wording is added into their DUOS methodologies stating that changes in relevant DNO tariffs will be automatically and instantly reflected in the relevant IDNO tariff.

Our preferred option is the third one, as this appears to minimise any potentially negative effects on industry participants. Should this option be taken forward, then it must be made clear that the automatic changes only apply where the particular tariffs to customers are those specified and controlled in the licence.

As you will recognise, however, all of these options include the assumption that the IDNO will always price-match the DNO. This may not always be the case as the effect of the licence requirement is to cap the IDNO prices, rather than to require the IDNO to match the DNO prices.

Voting Arrangements for Modification Proposals

Further to the Ofgem workshop, we support a voting arrangement which enables all those licence holders whom the modification *directly* affects to exercise their right of objection. While this will almost always be all licensed distributors, that cannot be guaranteed to be the case on each and every occasion.

We should therefore like to see draft Condition X (i.e. the special licence modification power) included in the final published modifications package, since this specifically addresses the very limited range of circumstances in which it might be appropriate to restrict objection rights to only one category of licensed distributor.

Publishing the Standard Licence

We strongly urge Ofgem to ensure that there is a conformed copy of the distribution licence, containing all the standard conditions, on the Ofgem e-public register. This will make the process of accessing the document much simpler for all concerned, whether they are licence holders, consumers, or other interested users/parties. This will also help Ofgem to achieve its better regulation principles.

Section 11A Modification Notices

We believe that the appropriate way forward for the final modifications package is to issue a single Section 11A notice for the whole of this work, not only for reasons of simplicity but also as part of Ofgem's drive for better regulation.

Additional Proposed Change (SLC 21)

We are aware that an additional proposed change to new SLC 21 has come from the GB Distribution Code Review Panel–IDNO Working Group:

‘21.15 In order to meet its obligations under this section the licensee agrees to fund the costs associated with the management of the Distribution Code and its Qualifying Standards in accordance with the cost sharing mechanism as approved by the Authority’.

We do not support this change as it duplicates a built-in requirement in the existing paragraphs of this licence condition. These require the creation of, and compliance with, a Distribution Code under collaborative arrangements approved by Ofgem and, therefore, inherently include the matters to which the proposal refers.

Yours sincerely

Roger Barnard

Head of Regulatory Law