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Dear Paul

Response to Application by EDF Energy (IDNO) Ltd for an electricity distribution license

Further to your recent consultation document relating to the application by EDFE for an IDNO license please see below our response.

As an ICP we do not support the granting of EDF Energy with an IDNO license for the following reasons;

- The growth of competition in the connections market has been continually stalled by the host DNO's and Ofgem's own published figures show that effective competition has yet to be established in both the IDNO and Competition in Connections markets. Specifically this competition is even more limited in the EDF area than the majority of the marketplace and Ofgem should question why this is.
- Granting an IDNO license to an incumbent DNO will have little material benefit to facilitating competition and in fact is more likely to be used by EDFE as a further method to stagnate competition in the future.
- The incumbent DNO has major competitive advantages over new entrants and we believe EDF will be able to benefit from their monopoly position to support their IDNO activities.
 - The DNO will be able to support the IDNO with operation and emergency services.
 - The DNO due to its monopoly has competitive buying powers that will be passed through to the IDNO. True IDNO's and ICP's do not have these advantages available to them.
 - If a license is granted then Ofgem should ensure that any services offered are on an open book, cost reflective basis and available to all other IDNO's and ICP's
- We believe a business needs to determine, if it is either a fully regulated DNO with the security and benefits that gives them, or an IDNO where



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there are opportunities for further reward but these are available through a truly competitive arena. Allowing them to operate in both will always be open to abuse.

- There is an existing raft of regulation, license conditions and controls in place designed to ensure competition is allowed to flourish. However Ofgem is continually investigating alleged breaches into these conditions and the market is currently in no way truly competitive. Therefore we do not believe that modifications to their license obligations will adequately guard against anti-competitive behaviour.
- Whilst Ofgem is still reviewing the wider market, following allegations of anti-competitive behaviour within the market place, we believe it would be inappropriate for Ofgem to issue EDF an IDNO license until such investigations are fully concluded.
- EDF's request for an IDNO license suggests they are either failing the customer as a DNO or they believe they can gain some form of benefit in becoming an IDNO. Ofgem needs to determine what this is and what impact this would have on the wider market before granting EDF an IDNO license.
- One of Ofgem's principle objectives is to protect the interest of consumers, wherever appropriate by the promotion competition. We fail to see how granting EDF an IDNO license promotes competition in anyway.
- The potential for abuse in allowing a DNO to also operate as an IDNO and thus stagnate a competitive market is so great and the timescale to investigate such alleged abuses so long, that we feel this decision could irrevocably curtail competition for the future.
- The Gas market was well developed when Ofgem granted Fulcrum Pipelines an iGT license and therefore we do not believe this precedent is relevant to the Electricity market.
- We also believe these proposed schemes could be managed under the current DNO framework, without the need for an IDNO license.
- Whilst we note that the developers have provided statements that they require an IDNO to operate the network we would strongly request Ofgem to review the detail behind this contractual arrangement as to why EDF could not operate it as a DNO.
- An IDNO license is not required by EDF to allow them to provide multi utility offerings, they are already able to do so and a number of DNO's currently operate in this market place without the need for an IDNO license.

Whilst we would still maintain our opposition, if after investigation Ofgem determines that a license will be granted, we believe this must be specific to the proposed schemes and that all schemes would need to be put through the same review and rigour, rather than allowing EDF poetic license to determine which schemes it will filter to its IDNO business in a unilateral manner.

We trust the above is useful in helping you to determining the way forward and would urge you to consider the impact and benefit to the overall market place when coming to this decision.

Yours Sincerely

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