

Neil Barnes
Ofgem
9 Millbank
London
SW1P 3GE



18 March 2009

Dear Neil

Regulation of marketing to domestic customers

I refer to the letter from Andrew Wright, dated 18 February, seeking views as to whether the marketing licence condition should be extended for a further two years until March 2011.

When Ofgem last consulted on the extension of this licence condition in February 2008, we believed that the Energysure Code of Practice was sufficiently embedded within the industry for Ofgem to be able to remove the marketing licence condition and to allow the industry to proceed with self regulation in relation to face to face sales. We have noted your comments about the recent well publicised allegations about mis-selling, and more specifically the financial penalty Ofgem imposed on Npower in relation to its sales activities. However, we are disappointed by your conclusion that "the Code cannot be relied upon to adequately regulate suppliers' sales and marketing activity", particularly as you also note that the volume of complaints on doorstep sales practices has continued to fall.

EDF Energy welcomed the introduction of the AES/Energysure Code in 2003 and has since then been actively engaged in the ERA's Code governance and audit process. We have worked hard to ensure its values are embedded throughout our business. As a result of this activity:

- Our year on year direct sales complaint levels have fallen between August 2007 (31.7 per 100k transfers) and August 2008 (26.9 per 100k transfers) and performance against internal quality Key Performance Indicators has improved.
- Robust and rigorous internal policies are in place across all levels of customer contact regarding the sales process.
- A dedicated Field Sales quality and compliance team has been set up to monitor compliance with all aspects of the code.
- EDF Energy's performance in the external code audit has shown year on year improvements since the audit process was introduced.
- We have actively promoted the code to our customers and have used this as a standard to give them confidence that they are being sold to in an ethical manner.

We believe, therefore, that the Energysure Code together with existing consumer legislation continues to provide adequate protection for customers. However, we are happy to work collaboratively with Ofgem to address any of the concerns that have been raised during the Probe and welcome the opportunity to participate in further consultation on this subject.

In the interim, therefore, we are content with Ofgem's proposal to extend Standard condition 25 of the gas and electricity supply licences until March 2011.

If you have any queries on this response, please do not hesitate to contact me direct, or my colleague Ann Neate on 01273 428464 .

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Linford", with a long horizontal flourish extending to the right.

Denis Linford
Corporate Policy and Regulation Director