



Alistair Buchanan
Chief Executive
Ofgem
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1 September 2009

Dear Alistair

I am pleased to respond to your letter of 4 August 2009, which asked for comments on our customer communications, particularly in relation to pricing changes.

I would like to begin by reassuring you that we are fully focused on maintaining competitive prices and products for all our customers across the UK and on delivering excellent service to them. That includes communicating effectively with them, and, in doing so, we try to ensure that all customers have an understanding of the various factors that influence any changes in their prices. In addition, as part of our communications, we actively promote a variety of ways in which both large and small customers can reduce their energy bills, which we also think is very important.

On prices, EDF Energy has on average been the cheapest supplier among the Big 6 suppliers for both dual fuel standard credit and pre-payment customers throughout 2009. We also recently re-launched an online tariff that is currently the cheapest such tariff available among the Big 6. We are monitoring the wholesale market on a daily basis and will continue to work hard to ensure that our customers receive competitive prices and products during these difficult economic times. We would of course be prepared to reduce tariffs if market conditions allowed.

Our approach to communication

EDF Energy is committed to communicating effectively with all our customers. Whilst it is not easy to explain to our customers exactly how energy costs impact on their prices, we do try, where relevant and appropriate, to convey this simply, whenever we make changes to our prices. We will always reinforce any such communications with suggestions for practical actions that customers can take to save money on their bills.

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For example, when we reduced our prices in March 2009 for 2.3 million electricity customers, we highlighted further savings that could be made by customers through changes to payment methods and patterns of energy consumption.

Communication of these practical changes is not confined to price changes or bill messages. As you may have seen from recent press coverage, EDF Energy's main advertising campaign this year, Team Green Britain, has been focused on providing consumption reducing support and advice to our own and other suppliers' customers. A typical domestic customer following all of these tips for the first time would save an estimated £166 on their annual bill. More than 450,000 people are already registered to this scheme, building on the success of our 2012 Carbon Challenge programme, launched in 2007.

Our commitment to reducing customer costs especially to vulnerable customers and the fuel poor

EDF Energy's commitment to communicating and encouraging all our customers to make cost savings through energy efficiency include:

EDF Energy was the first supplier to introduce a scheme (Read Reduce Reward) which rewards customers for reducing their energy consumption. We currently have more than 650,000 customers registered on this scheme.

EDF Energy continues to offer energy efficiency advice to our customers via a dedicated telephony team as well as our recently launched Online Energy Adviser facility.

EDF Energy regularly carries out targeted communications to customers, identifying how they could save more money by highlighting the benefits of using different payment methods, energy efficiency schemes and discounts available to them.

We have also concentrated on promoting cost savings specifically to vulnerable groups and the fuel poor. For example, EDF Energy was the first supplier to:

introduce a discounted tariff aimed at our most vulnerable customers;

align electricity pre-payment prices to those paid by cash or cheque customers;

establish a trust fund for those customers who are in debt;

extend the offer of fixed price discounted and variable tariffs to pre-payment customers, which has ensured that vulnerable customers paying by this method can also enjoy the benefits of such offers

In addition to this, our "Safe, Warm and Well" campaign targets elderly and vulnerable customers with practical advice, energy efficiency tips and financial assistance for those with payment difficulties. Last year EDF Energy mailed 150,000 of our vulnerable customers inviting them to call us if they were struggling to keep warm. This mailing was a part of a coordinated advertising campaign which through radio and press reached a total of more than 3,000,000 consumers.

The initiatives outlined above clearly demonstrate that our focus has been on communicating effectively with our customers about their bills and providing them with practical and effective ways to reduce consumption and save money.

EDF Energy remains committed to competitive, stable, and sustainable prices, and we will continue to monitor and review all our costs, and their implications for retail prices, on a regular basis and communicate any changes to our customers.

We believe strongly that encouraging customers to reduce their overall consumption, as well as highlighting available discounts or cost-effective products, provides a stable and sustainable support platform. It is also important that customers understand the key cost components of their bills. In that context, your wholesale/retail quarterly reports should help ensure customers have realistic expectations about the likely effect of changes in wholesale market and other costs, including the effects of Government initiatives, on their future bills.

We look forward to working with you in these areas.

Yours sincerely

A handwritten signature in black ink, appearing to read "V. Rivaz". The signature is stylized and fluid.

Vincent de Rivaz