

Andrew Wright
Senior Partner, Markets
Ofgem
9 Millbank
London
SW1P 3GE



14 September 2009

Dear Andrew

Proposed Modification of Standard Licence Condition(s) 7A and 31A in electricity and gas supply licences – proposed as part of the consultation on certain retail market remedies

In response to the statutory notice dated 7 August 2009 in respect of the above proposed Modification(s), this notice constitutes our formal response to that proposal on behalf of all electricity and gas supply licence holders within the EDF Energy group, including EDF Energy Customers plc, SEEBOARD Energy Limited, SWEB Energy Limited, SEEBOARD Energy Gas Limited, Southern Gas Limited and British Energy Direct Limited.

As we have pointed out in the past, we very much support the overall objectives that the proposed modifications are seeking to achieve. As you are aware, we have taken significant steps to consider the consequences of the modifications and how best these could be implemented.

Unfortunately, due to the particular challenges that EDF Energy is currently facing with regard to the impending commissioning and implementation of its new customer billing system, it has become clear to us that we would have difficulties introducing all of the changes required under the new licence conditions 7A and 31A within the currently intended timescales.

As a result, in mitigation and as we have discussed with you, we have developed alternative changes within a broadly comparable timeline, that would in our view minimise any potential customer detriment and hence achieve the spirit of these proposed modifications, even though we would not be fully compliant with the current wording. We have been transparent with you about our concerns on this from the outset and have welcomed your positive response in meetings to what we are proposing.

As we have made clear, we are very keen to avoid the need to formally object to these modifications if at all possible. We have therefore tried to seek sufficient written comfort from you that the steps we will be taking towards securing compliance, are sufficient in meeting the objectives of the modifications, even if not 100% consistent with the specific drafting proposed. In this respect, in accordance with your Enforcement Guidelines, we hoped you would be able to provide reassurance that you would not seek to take enforcement action against us, provided the steps we have suggested to try to secure compliance were implemented within our proposed timescales.

Regrettably, you have not been able to provide us with formal written assurances in this respect, although we understand the legal restrictions that you face and we appreciate the efforts you have made over the last few days to try to overcome these.

We trust that you recognise that it would not be responsible for us to commit to these conditions knowing in advance that we may not be able to achieve full technical compliance with them. We are therefore left with no option but to clarify our position on objection in relation to the modification and the implementation dates proposed. This is set out below:

We DO NOT OBJECT to those modifications being made, provided that the implementation dates for those modifications are amended as set out below and this response should only be considered an objection for the purposes of section 11A of the Electricity Act 1989 if and only if the Authority decides or intends to implement those modifications on or before the dates suggested:-

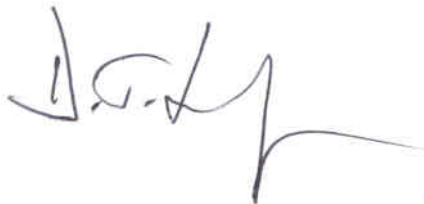
- Licence Condition 7A: September 2010
- Licence Condition 31A: March 2011

In respect of the latter condition, I can confirm that EDF Energy would be taking steps to secure compliance with the objectives of Condition 31A through the mitigating action we have previously discussed with you, which would be carried out within 3 months of the currently proposed date for that Licence Condition taking effect.

As you are aware, EDF Energy, like all other suppliers, supports both gas and electricity customers from the same systems and therefore our comments above apply in relation to the modifications proposed to both Gas and Electricity Supply licences. We trust that Ofgem recognises the importance of ensuring consistency in how it deals with both Gas and Electricity licences and would not seek to introduce licence conditions in relation to one sector independently of the other.

In the interim, I confirm that I am duly authorised to give this notice on behalf of each of the above named companies.

Yours sincerely

A handwritten signature in blue ink, appearing to read "D. Linford".

Denis Linford
Corporate Policy and Regulation Director