



EDF Energy – Input to Retail Market Reform Report

Throughout the past year, EDF Energy has continued to make significant progress in engaging with customers and building trust. EDF Energy aims to engage with all consumers, not just those who currently switch regularly. To achieve this, tariffs need to be made clear and simple, so that consumers can compare products with greater ease and can have confidence that, when they switch, they are making the right choice for themselves. EDF Energy is committed to this objective.

Retail Market Reform

EDF Energy strongly supports Ofgem's Retail Market Review work to simplify tariffs to help encourage all consumers, particularly the vulnerable, to engage and make well informed choices. EDF Energy believes Ofgem's proposals to simplify tariffs could be further enhanced by setting standing charges at zero for all standard and variable tariffs. Consumers need then only compare unit rates to determine the cheapest price. The aim of this proposal is to make it as easy as possible for consumers to compare products and engage with confidence. EDF Energy also proposed the introduction of common national transmission and distribution charges for domestic customers and SMEs. This would strip away the complexity of regional prices and facilitate comparison of prices in the national media. EDF Energy stands ready to support Ofgem in developing ideas on how this could be practically achieved, e.g. by introducing a clearing house approach for regional charges.

EDF Energy strongly supported Ofgem's commissioning of independent accountants BDO to review how companies are presenting their generation and supply accounts separately, to bring even greater transparency to this process.

Customer Commitments

In March 2012, EDF Energy launched its **Customer Commitments**, for its residential customers, and a similar set of measures for business customers in April. These set out EDF Energy's commitments to Fair Value, Better Service and Simplicity. Some examples of what these commitments mean for domestic customers are described below.

As part of its **fair value** commitment for residential customers, EDF Energy froze prices in winter 2010. EDF Energy was the last of the major suppliers to raise prices in autumn 2011 and the first to cut gas prices in 2012. EDF Energy is committed to providing affordable energy for all customers. EDF Energy launched the innovative **Blue + Price Promise product**, under which customers are informed by e-mail if they could be saving at least £52 a year, based on typical consumption, by switching to another tariff, with no exit fees if they choose to leave. The product has been very well received by customers, with over 840,000 products sold¹. EDF Energy's customers have also benefited from one of the cheapest standard dual fuel tariffs on the market. EDF Energy has been the cheapest major dual fuel supplier for 50 out of the past 52 weeks, at typical consumption. This winter, EDF Energy will ensure that its most vulnerable elderly customers, identified by Government as being most in need, will automatically benefit from EDF Energy's cheapest tariff.

¹ As at 14 October 2012

EDF Energy is committed to **better service** and being there for customers. This means freephone numbers and UK-based telephone advisers who care about providing the kind of service customers deserve. Upgrades to IT systems have meant EDF Energy's service levels have fallen short of the high levels it aspires to. To get back on track, and be amongst the best for customer service, EDF Energy has launched a 24hr online Web Chat facility. Every week, EDF Energy updates its website with performance data on its price competitiveness and on how its service centres handle telephone calls, emails and web chats.

For **simplicity**, EDF Energy has significantly reduced the number of tariffs on offer. EDF Energy offers two types of product: fixed and standard variable. EDF Energy also applies the same standing charge across all its tariffs, to make it easier for customers to compare and choose the right product. On 24 September, EDF Energy started issuing its **new look bills**, with its new simpler **Annual Statements** to follow later in the year. These have been extensively researched and tested with customers to make them simpler and easier to understand. They use customer friendly language which meets the plain English quality mark. The new bills also contain more personalised explanations, such as direct debit savings, and greater transparency about tariffs with EDF Energy's new energy label and account overview.

For **business customers** EDF Energy has launched a new flexible contract designed for start-up small businesses to help them through the critical first phases of their development. EDF Energy has already introduced a limit of three years on the period over which micro-business customers are back billed, where they are not solely at fault, and is acting to avoid the need for back billing in the first place. EDF Energy is continuing to lead the industry in terms of the transparency of our arrangements with Third Party Intermediaries (TPIs), and is making good progress on the commitment to only work with those that will sign-up to EDF Energy's TPI code of conduct. EDF Energy continues to invest in the provision of energy efficiency advice for both small and larger business customers.

EDF Energy has actively supported Government initiatives to empower consumers and to improve engagement. In June this year, EDF Energy was one of the first major suppliers to launch **midata** to its online customers. EDF Energy has signed up to the **Deputy Prime Minister's commitments** to improve communications to customers on tariff advice and savings and it will set out more information on this in the new look bills and annual statements.

EDF Energy has taken part in **collective purchasing initiatives**, such as the Big Switch, and is considering participation in other such schemes. Such initiatives can be a positive way to engage consumers with the cost of energy. EDF Energy is keen to ensure that purchasing auctions tariff quotes are compared market wide so that customers can choose the best product for their circumstances. Auction offers should also be available to all customers, with transparency of any charges.

Liquidity

EDF Energy is contributing to the increased reliability of the short term wholesale market index by trading more than 30% of its generated volume on the day ahead auction and is participating in the N2EX market council for the development of a within day platform. EDF Energy also supported the EU market coupling initiative and has worked with the Futures & Options Association to align the Electricity Forward Agreement (EFA) products definition to the calendar standard in place in the rest of Europe. This should increase market liquidity and facilitate trades for new market entrants. At an international level, EDF Group is actively supporting the development of forward products through various routes, including the provision of services such as auctions.

Finally, EDF Energy has been offering energy purchasing services to small suppliers, to make trades on their behalf, and to date has had discussions with 12 companies in this regard. EDF Energy analysis suggests that credit collateral and counterparty appetite are significant factors in explaining trends in market liquidity. In November, EDF Energy hopes to share analysis on its view of the industry's appetite to develop forward liquidity.

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