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21st September 2012

Notice under section 11A(2) of the Electricity Act 1989 – Proposed modifications to special condition CRC 7 of the Electricity Distribution Licence in relation to the date by which the Authority is to direct the value of the PPL and the Allowed Losses Percentage (ALP) terms for the Distribution Losses Incentive Mechanism.

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including both residential and business users.

With regards to the proposed modifications to special condition CRC7 we wish to reiterate our comments made in the August consultation. Any delay in providing direction for the DPCR4 and DPCR5 losses mechanism creates more uncertainty for both customers and suppliers and may lead to an increase in risk premiums for future contracts. In deciding the period over which the incentive is recovered it is important that sufficient notice be provided to allow the impact to be understood to both customers and suppliers.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact my colleague Julia Haughey on 0203 126 2167, or myself.

I confirm that this letter may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mark Cox".

Mark Cox
Head of Transmission and Trading Arrangements