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Consultation on our minded-to position for the determination of a re-opener application in respect of additional income associated with the Traffic Management Act (and Transport for Scotland Act) under the fifth electricity distribution price control review (DPCR5)

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 residential and business users.

Transparency and predictability of use of system charges and solutions to manage volatility of charges are essential for keeping costs down for consumers. Re-openers can impose unhedgeable risks on both suppliers and their customers if an insufficient lead time is provided. Given the costs that this risk imposes on suppliers and customers, we ask that the TMA costs in question are charged to suppliers over the regulatory years 2014/15 and 2015/16 at the earliest.

Ofgem's 17 October 2012 decision on mitigating volatility proposes that an additional lag is not appropriate for reopeners and within period determinations. DCP106 (rejected by Ofgem) would have given visibility to DCUSA parties of applications to the authority by the DNOs to change allowed revenue, and would have provided additional notice of proposed changes allowing suppliers and consumers to factor in the additional costs.

Proposed costs to LPN in 2010/11 prices	2010/11	2011/12	2012/13	2013/14	2014/15	Total
£m	1.72	1.39	1.54	1.56	1.59	7.81

The above table shows the additional costs that LPN wish to recover through the TMA. Had suppliers been provided visibility of these costs at an early stage, they would have at least had some chance of anticipating them. As it is, the impact to suppliers and consumers are now faced a single hit of lump sum of £7.81m instead of the average cost of around £1.5m p.a. Clearly, this issue will be proportionality greater the larger the adjustment, and we also ask that this issue is addressed as part of RIIO-ED1.

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I hope you find these comments useful, however if you wish to discuss this response further please contact either of my colleagues Simon Vicary (simon.vicary@edfenergy.com 0203 126 2168) or Julia Haughey (julia.haughey@edfenergy.com 0203 126 2167).

Yours sincerely,

A handwritten signature in blue ink that reads "Paul Delamare".

Paul Delamare
Head of Downstream Policy and Regulation