

Jonathan Lines
Retail Markets and Research
Ofgem
9 Millbank
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28 February 2013

Dear Jonathan

Application of the Maximum Resale Price to the resale of electricity for use by electric vehicles – request for views and evidence

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.

The Maximum Resale Price (MRP) provision for the resale of electricity is an important consumer protection measure. EDF Energy recognises that when MRP was initially implemented electric vehicle recharging was not prevalent and therefore was not taken into consideration. EDF Energy agrees with reviewing the application of the MRP to take into account the developing need to resell electricity for recharging electric vehicles.

EDF Energy recommends that the MRP provision be lifted for the resale of electricity for use by electric vehicles recharging at public infrastructure. This will enable competitive pricing for consumers within the public recharging infrastructure market. The lifting of the MRP provision should be restricted to just the public recharging infrastructure market. This will ensure the protection of consumers who may be resold electricity for electric vehicle recharging in circumstances in other markets where they do not have choice in the reseller – such as rented tenants. This should not affect the MRP provision in circumstances other than electric vehicle recharging.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact John Mason on 01273 428845, or myself.

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

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Paul Delamare".

Paul Delamare
Head of Downstream Policy and Regulation

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Attachment

Application of the Maximum Resale Price to the resale of electricity for use by electric vehicles – request for views and evidence

EDF Energy's response to your questions

EDF Energy welcomes the consultation on clarification of the application of the Maximum Resale Price provisions to electric vehicles (EV): this will support the development of a commercial EV recharging market on a profitable basis.

Q1. Do stakeholders consider that uncertainty over the current MRP provisions is a barrier to the commercial growth of charge point infrastructure?

EDF Energy does not believe that this potential barrier has yet fully materialised in the current market. However, EDF Energy agrees that uncertainty over MRP is a potential barrier to development of the recharging market.

Q2. Do stakeholders agree that charge point providers should be free to set prices for the electricity resold from charge points?

The MRP provision for the resale of electricity is an important consumer protection measure. EDF Energy recognises that when MRP was initially implemented, electric vehicle recharging was not prevalent and therefore was not taken into consideration. EDF Energy agrees with reviewing the application of the MRP to take into account the emerging need to resell electricity for recharging electric vehicles.

EDF Energy recommends that the MRP provision be lifted for the resale of electricity for use by electric vehicles recharging at public infrastructure. This will enable competitive pricing for consumers within the public recharging infrastructure market. The lifting of the MRP provision should be restricted to solely the public recharging infrastructure market to ensure the protection of consumers who may be resold electricity for electric vehicle recharging in circumstances where they do not have choice in the reseller – such as rented tenants. This should not affect the MRP provision in circumstances other than electric vehicle recharging.

The consultation is not clear on the scope of the proposal: the consultation letter discusses public recharging and the benefits of MRP however it does not explicitly state that the scope of the proposal is restricted to public recharging:

- **Public (on-street and commercial) charging** – EDF Energy agrees that the MRP be lifted. This enables the commercial market to set prices for electricity resold from public charge points to support viable business models and infrastructure development.

- **Rented home** – The MRP should not be lifted. Tenants in rented accommodation with landlords are at risk of exploitation of the cost of EV recharging if MRP is not applicable.
- **Owned home** – This is academic as it is not involve the resale of electricity and the occupier chooses their supplier of electricity which thereby enables a competitive market.

Lifting the MRP provision for public recharging infrastructure should be reviewed periodically to:

1. Ensure that it is delivering a positive impact on the commercialisation of electric vehicle recharging through enabling competitive business models.
2. Ensure that it is not acting as a market barrier as a result of unattractive pricing rates which arise due to monopolisation of public recharging schemes.

In addition, EDF Energy notes that industry is aiming to align and consolidate the currently fragmented public EV charging infrastructure schemes. These ongoing discussions may result in electricity resale rates being agreed and adopted by operators, and there is a risk that these are unreasonably high.

It is likely that over time the pricing of recharging at public charge points will be more expensive than work and home; this can be seen as a positive influencing factor to encouraging charging to take place at off peak times. The removal of MRP for public recharging is likely to support this.

Q3. Do stakeholders consider that the proposed amendment to the MRP direction would provide sufficient clarity?

No, EDF Energy does not consider that the proposed amendment would provide sufficient clarity:

- The MRP should be lifted for the resale of electricity to electric vehicles recharging at public infrastructure. The amendment should clarify this.
- The amendment should ensure that the MRP is lifted to resell electricity in a fair and transparent manner to ensure consumer protection.
- The removal of MRP for electric vehicle recharging at public infrastructure should be regularly monitored by Ofgem to ensure that the goal of enabling commercialisation of infrastructure is achieved and without negative impact on the market.

Q4. Could there be any unintended consequences to the above proposal, or proposed drafting?

The scale of the current market place and public charging networks may not be large enough to ensure sufficient competitive choice for customers. In this instance electricity resale prices will not be driven by competition but instead set by the operators at whatever level they see fit.

The amendment may encourage recharging at non-dedicated charge points (eg 3 pin plug) to enable charging away from work and home in emergency or regular situations without the requirement to pay higher prices at dedicated public infrastructure. The widespread use of 3 pin plugs is not supported by industry due to the safety implications; in addition it is preferable for industry to be able to map EV charge points for customer, energy and network considerations.

Q5. Do stakeholders agree that the current MRP provisions should continue to apply to marine craft, including electric marine craft?

Not applicable.

EDF Energy
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