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## **RIIO-ED1: Electricity Distribution Networks Operators' resubmitted business plans – publication, views and next steps**

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.

We welcome the opportunity to respond to the RIIO-ED1: Electricity Distribution Networks Operators' resubmitted business plans – publication, views and next steps.

Over the past few years, EDF Energy has engaged extensively with Ofgem and the DNOs on solutions to improve the predictability of networks charges and to reduce volatility of these costs, both within and between price control periods. This is a key part of the broader need to manage the affordability of costs on energy bills.

The resubmitted business plans by the slow tracked DNOs show a further reduction in allowed revenues leading to a reduction of £81m in the first year of RIIO-ED1. While this is a welcome step in the right direction, we note that for some DNOs the reduction is very small. The figures for Electricity North West's allowed revenue increase when compared to the original business plans submitted in July 2013.

We would expect Ofgem to ensure that the revised plans reflect the interests of customers and stakeholders. Consumer affordability is particularly important and the overall package of incentives in aggregate should be appropriate and network companies should not be over rewarded.

It is important for stakeholders to understand networks costs, how they are set and the role they are playing in increasing energy bills. In this regard, there may be confusion if the headline message is that overall allowed revenues are forecasted to reduce, and yet the actual charges may not show a reduction as they are still subject to significant volatility within price controls. We believe that Ofgem can do more to help promote understanding as a trusted source of market facts. For example, by publishing forecasts of networks charges by region and by doing more to explain to stakeholders what the drivers behind these, and indeed other, increases are.

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To ensure value for money, so that consumers are fairly treated, we would expect Ofgem to scrutinise the justification of operating capital and expenditure requirements. We also expect that any efficiency gains claimed by the DNOs should be demonstrated by the DNOs to the full satisfaction of Ofgem.

With regard to the overall quality of the business plans we would like to re-iterate our previous comments on the length of some of the submissions and how difficult it is to extract the information required. Early in the process we did suggest that a summary sheet be used to map the allowed revenues over the price control period and present any key financial information. Unfortunately this has not been provided and we would strongly recommend this to be considered for future price controls.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact 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 blue ink that reads 'Paul Delamare'.

**Paul Delamare**  
**Head of Downstream Policy and Regulation**