



Andrius Cialka
Ofgem
9 Millbank
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28 February 2013

Dear Andrius

Supplier Guaranteed and Overall Standards of Performance - Call for 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.

We welcome the review of the Supplier Guaranteed and Overall Standards of Performance (GOSP), support Ofgem's objective to promote a competitive energy market that produces good outcomes for consumers. EDF Energy is committed to rebuilding consumer trust and, with our Customer Commitments, we are putting customers at the heart of what we do.

Since the introduction of the GOSP, there have been many positive industry developments in the consumer landscape, such as the consumer complaint handling standards, which have provided structured redress and routes to compensation for consumers. In addition, there have been industry agreements in the form of the Energy UK Safety Net and the Billing Code, which have bought additional consumer protection. We believe the introduction of the Standards of Conduct will represent yet another step forward. In the context of these developments, we believe that the GOSP have to a large degree been superseded, and should be removed.

There may be areas where it would be valuable to review the continued relevance of the standards through a voluntary agreement, such as making and arranging metering appointments. However, we believe that the standards are not relevant for the smart metering programme, which is developing its own governance and consumer protection framework.

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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 Ann Neate on 01273 428464, 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 that reads "Paul Delamare".

Paul Delamare
Head of Downstream Policy and Regulation

Attachment

Supplier Guaranteed and Overall Standards of Performance - Call for Evidence

EDF Energy's response to your questions

Role and scope of the GOSP

Q1. Are GOSP an effective tool for protecting consumers in the retail energy market?

In recent years there have been many positive developments in the consumer landscape including the consumer complaint handling standards and the Energy UK Safety Net. The former has provided structured redress and routes to compensation for consumers, while the latter has improved the industry approach to vulnerability. In addition, the publication of customer service standards has given the consumer greater protection. Through our Trust Agenda, EDF Energy has demonstrated a public commitment to improve consumer protection standards and to rebuild trust with consumers, by placing the consumer at the heart of our decision making. We also believe the new Standards of Conduct arrangements will provide further protection for consumers and reflect the wider improvement in consumer protection in the energy industry.

In view of these developments, we welcome Ofgem's decision to review the Guaranteed and Overall Standards of Performance (GOSP). The GOSP were introduced before the development of a competitive retail energy market, where consumers are free to choose whichever supplier they wish to contract with. Therefore, we feel that the usefulness of the GOSP in terms of regulatory protection have to a large degree been superseded by the other positive developments outlined above.

In the modern consumer landscape we would support the notion that suppliers should be free to implement appropriate compensation arrangements for adverse customer experience, depending on individual circumstances. We feel that this may have the positive effect of driving further competition in the open market, if customers feel that they could receive a better service from one supplier to another. Therefore, due to the development of other consumer protections we no longer feel that the GOSP are fit for purpose in today's regulatory climate and should be removed in order that suppliers can implement their own policy arrangements and avoid duplication in regulation.

Q2. To which groups of consumers are Guaranteed Standards (GS) relevant and useful? Are they of equal relevance and value to all consumer groups, including domestic, SMEs and large businesses?

As we have advocated above, we believe that the regulatory environment and protection for consumers has evolved since the introduction of the Guaranteed Standards (GS) for domestic and SME customers. Nevertheless, in reviewing the standards, it is important to ensure that customer protections, particularly where they may have impacts for vulnerable customers, such as those for pre-payment meters and the minimum standards for visiting

a property in order to rectify a problem, are considered. However, we feel that the Energy UK Safety Net provides protection in this regard.

For larger businesses, who operate in a highly competitive environment, there are bespoke arrangements for consumer protection and compensation. Therefore, GS are not relevant for this sector.

Q3. Is the GS on Charges and Payments, which only applies to the previous Public Electricity Suppliers (PES), still appropriate? If so, should it be extended to all suppliers?

The current Charges and Payments standards result in regulatory differences between suppliers. This is because the standard was applied to suppliers based on their historical ex-host PES location, and only applies to electricity and not gas. Therefore, the standard is not reflective of the competitive retail energy market of today, whereby a consumer, regardless of their geographical location, can choose any supplier. Subsequently, we feel that this standard should be removed, rather than extended to all suppliers, as we believe that much more appropriate consumer protections are now in place that were not when this GS was conceived.

Q4. Are there any customer service areas that no longer need to be covered by the GOSP? Are there any service areas that are not covered by the GOSP, but should be?

In addition to our points on the Charges and Payments standards above, we believe that there is also scope to remove the Meter Disputes standard. This standard is already covered by Energy UK's Code of Practice for Accurate Bills. To comply with the Standards of Conduct, suppliers will also have to ensure that they treat customers fairly and act promptly and courteously to put things right when mistakes are made. Therefore, we believe this should provide sufficient coverage and consumer protection.

We would also welcome changes to the current method of informing consumers of supplier performance via post. In a changing marketplace, we feel that there should be greater flexibility in the regulations to allow those consumers whose preference is to receive electronic communication to, where possible, receive information on performance via their preferred option. We believe that this is important to future proof consumer protections and to increase consumer engagement in the industry via different channels of communication.

Q5. Which customer service areas are appropriate for compensation approach under the GS and which service areas are appropriate for performance reporting approach under the OS?

As above, EDF Energy would welcome the flexibility for suppliers to be able to award compensation as a matter of company policy and commitment to treating customers fairly under the Standards of Conduct, rather than through the GOSP. However, we feel that making and keeping appointments are important and therefore protections should be retained for this functionality. We have made comments below on the specific nature of

smart metering, which is being governed via other regulatory means, such as the Smart Metering Installation Code of Practice.

Q6. Are the current levels of compensation under the GS still appropriate? Should they be different for different customer groups?

EDF Energy believes that compensation takes many forms, as indicated by the consumer complaints handling standards. Many consumers may feel that an apology or remedial action might provide adequate compensation, and financial compensation is not the only remedial action. Thus, consistent with our comments so far, our preference would be in the main for the removal of GS and to instead allow the standards of service and internal policies for recompense to be market driven.

In the event that the GS were to remain, we would like to highlight that the current levels of compensation are inconsistent. Under the current drafting of the Statutory Instrument, the compensation amount for gas is £20 whereas the compensation amount for electricity is £22. We would welcome parity for gas and electricity consumer compensation.

GOSP transparency

Q7. What is the overall consumer awareness of the GOSP? To what extent should consumers be aware of the GS and OS and what is the best way for achieving this?

We send every domestic customer an annual notice of our performance against the standards within their Customer Guarantees booklet. However, we are unable to comment specifically on how aware customers are of GOSP, as we have not conducted market research into this area.

Q8. What is the best way for suppliers to demonstrate that they meet and where appropriate, exceed the GOSP?

EDF Energy is very supportive of measures such as the Energy UK Safety Net and Energy UK Billing Code, which in many respects demonstrate that we meet and exceed the GOSP requirements. We believe that improving the number of communication channels for information on supplier performance is an area for development, to increase consumer engagement and to act as an effective mechanism for promoting service improvement and consumer switching decisions.

Future market developments and GOSP

Q9. To what extent will each of the current GOSP remain appropriate in light of market developments such as smart metering?

As we have stated above, we feel that making and keeping metering appointments is important for customers and therefore protections should be retained for this functionality. However, the GOSP were not designed for the requirements of smart metering, and so it would not be appropriate to apply them to this programme, which is developing its own governance and consumer protection framework.

Smart technology will improve the consumer experience through remote communications, non-disconnection periods and mechanisms for applying credit locally if the Wide Area Network (WAN) is down. This should mean that for sites with smart meters that are connected to the DCC, the majority of visits are no longer necessary, and customers should be provided with the mechanisms to stay on supply with prepayment meters. It is expected that visits will be far fewer, and the relevance of the GS is therefore much reduced. Although fewer metering appointments are expected for smart customers, inevitably appointments for specific reasons we still be required, including the smart metering installation visits. However, we believe that existing protection and customer commitments (including Smart Metering Installation Code of Practice – SMICoP) will provide sufficient protection in this area.

Smart metering will not remove the need for all metering visits, and so a standard similar to making and keeping appointments will still be useful. However, we feel suppliers should be able to manage metering queries in line with current protections, such as consumer complaints handling standards and the Energy UK Billing Code. The availability of remote diagnostics, In Home Display (IHD) showing daily consumption and half hourly (HH) granular data being available may provide customers with some comfort that the consumption is correct, and help to reduce the number of metering visits.

In addition to the questions above, we also welcome any additional views and evidence relating to the design and operation of the GOSP regime.

In conclusion, we welcome Ofgem's review of GOSP and will continue to support a competitive energy market, which enables consumers to trust and engage with their energy supplier. EDF Energy takes consumer protection very seriously, through our Trust Agenda we are fully committed to identifying and helping our most vulnerable customers. We support discussion to improve consistency and clarity for consumers and are happy to discuss any of the points made in further detail with Ofgem.

**EDF Energy
February 2013**