



Rob Church  
Partner, Retail Markets  
Ofgem  
9 Millbank  
London  
SW1P 3GE

28 November 2014

Dear Rob,

### **Follow-up to gas prepayment overcharging announcement**

Thank you for your letter dated 27th November in which you request confirmation regarding our approach to providing refunds to affected prepayment meter customers.

From the outset it has been our intention to quickly refund any overpayments from customers and ensure that we will not wait for the meters to be fixed before sending affected customers their refund.

Recognising that it will take some time for all meters to be fixed we will also include in the refund a forward projection to cover an estimate of the forthcoming winter usage up to the end of March 2015.

Our current calculation recognises that, on average, our gas prepayment customers use around 55% of their annual consumption in the winter months and we are planning to include in the refund the equivalent of 65% of the annual consumption for each customer. We believe this provides some confidence that we will not under refund, but we will be doing a final check on that assumption before the refund letters are processed. If we believe there is any risk of under refunding we will build more caution into the calculation and let Ofgem know.

We will also include an uplift component in the refund to reflect interest that may have been earned on the overpayment value to date.

If any meters are not fixed by the end of March 2015, we will issue a further refund to any impacted customers.

We will start to issue bar coded letters week commencing the 8th December which the customer can take to any Post Office to obtain a cash refund. We have mobilised this quickly to ensure that all refunds can be available before Christmas.

**EDF Energy**  
40 Grosvenor Place, Victoria  
London SW1X 7EN  
Tel +44 (0) 20 7752 2187

**edfenergy.com**  
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Registered No. 2366852.  
Registered office: 40 Grosvenor Place,  
Victoria, London SW1X 7EN*

We confirm also that the refund payments will not be net of debt in all these identified cases.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact our Customer Services Director, Steve Hayfield, on 07875 115724, or myself.

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

Yours sincerely,

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

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