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13 February 2015

Dear Laura

Consultation on proposed updated form of Smart DCC Ltd's Charging Statement for Service Charges ("charging statement")

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 this consultation. We believe that the format of the DCC's charging statement is clear and provides sufficient clarity for the charges that they will be applying in the next financial year. However, we continue to believe that further transparency could be provided around the changes in costs that the DCC is forecasting.

As the smart metering programme progresses the costs that the DCC is due to recover will increase significantly. In addition we are also aware that the costs that the DCC will face are increasing as a result of expanded scope and delays to the programme. As a Supplier we require transparency regarding the drivers for these changes and confidence that these costs are being economically and efficiently incurred. This will provide re-assurance that we are standing on the side of consumers and ensuring that the costs of this programme are minimised.

We recognise that the DCC has attempted to provide additional clarity around the costs that they face by instigating a quarterly webinar. Although this is a useful service, as a Supplier we believe that the value of this could be improved if this was more interactive with additional scope for Suppliers to ask questions of the DCC. We would note that all of the electricity and gas networks, including transmission and distribution host face to face charging forums and we continue to believe that this is a format that the DCC should adopt going forward.

We also note that the DCC is incurring additional costs as a result of additional requirements and change management; for example, extending coverage in the northern region and for security. As a Supplier we have not been involved in these discussions or in the assessment of the costs involved in change management. We are concerned that

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changes that the DCC implements may minimise their costs of implementation, but not those of Suppliers who have to interface with the DCC systems. We therefore continue to believe that the DCC should improve transparency and engagement in this area to ensure that any solution minimises the overall cost to customers and to provide confidence that costs are being efficiently and economically incurred.

To address these issues we believe that the DCC should:

- Supplement their charging webinars with at least two face to face meetings in the year to discuss their charges and costs drivers. This should follow the format of the existing charging methodology forums and provide an interactive opportunity for suppliers, and other interested parties, to raise questions to the DCC.
- Implement a formal governance structure for change management and decision making. This should utilise the existing forum facilitated by DECC, including the TBDG, with decisions formally taken by the SMDG acting as a project board.

In combination we believe that these solutions will add value to the Charging Statements by providing governance, transparency and confidence in the DCC costs.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Ashley Pocock on 01342 413838, 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 Customer Policy and Regulation