

Neil Barnes
Associate Partner - Retail Markets
Ofgem
9 Millbank
London
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22 April 2015

Dear Neil,

Ofgem's proposal to revise the Typical Domestic Consumption Values for gas and electricity

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.

EDF Energy supports the revision of Ofgem's Typical Domestic Consumption Values (TDCVs), and believes that periodically reviewing the values is essential in order to ensure that consumers are provided with up to date energy cost information. The revised consumption figures should provide a consistent and reasonably accurate basis for consumers to carry out energy cost comparisons.

A different set of consumption values are used in the calculation of Supply Market Indicators (SMI), which aim to give consumers a monthly indication of trends in energy prices. We believe that it is inconsistent to use a different method to calculate typical consumption used by suppliers versus the average consumption used by Ofgem for the SMI. Customers are unlikely to understand the reasons for continuing with different, but similar consumption values.

Our preference would be to use a single set of values to reflect consumption data as it would aid with transparency and help build trust in the energy markets. We believe that the Supply Market Indicator should be derived using the same methodology as that of TDCV since this provides a more representative measure of the consumption of a typical customer.

We broadly agree with the methodology used for the calculation of the values. We would note that there are some inconsistencies, for example the difference between using weather correction for gas compared to temperature correction for electricity Profile Class 2. Overall, we do not believe that such differences have a substantial effect on the proposed median values.

We are confident that the proposed timescale for implementation for the revised TDCVs will allow us to implement the new values. We therefore support Ofgem's proposal that the new values be used from 1 September 2015.

In advance of the next review, EDF Energy recognises that developments within the gas and electricity markets will have an appreciable effect on both the availability and accuracy

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of consumption data. We are conscious that the roll out of smart metering will introduce a greater understanding of the way consumers use energy, which will require consideration ahead of the next review. We believe that it is appropriate to review the TDCVs on an annual basis to reflect changes to consumer behaviour and the greater availability of accurate consumption data from smart metering.

Due time and consultation will be required to assess the appropriateness of the proposed methodological basis for calculating the next revised figures. In this context EDF Energy advocates a longer and more comprehensive consultation to take account of smart tariffs development, consumer behaviour, and the sources, accuracy and availability of more up to date accurate consumption data ahead of the next review.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Robin Healey, Policy and Regulation Business Manager, on 01273 428521, or myself.

Yours sincerely,

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

Paul Delamare
Head of Customers Policy and Regulation