

Ofgem
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26 October 2018

Email to: flexibility@ofgem.gov.uk.

Enabling the Competitive Deployment of Storage in a Flexible Energy System – Statutory Consultation on Changes to the Electricity Distribution Licence

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, storage, 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 welcomes the opportunity to respond to Ofgem's proposed statutory changes to the electricity distribution standard licence conditions as set out in its letter of 28 September 2018. We are supportive of Ofgem's proposal to introduce a prohibition on distribution licence holders engaging in the activity of electricity generation, including that of operating electricity storage assets. However, we continue to believe that the prohibition should extend to ownership of such assets and not just operation.

We believe the proposed changes to the licence conditions largely reflect the policy intent. However, we note that in parallel to Ofgem's works in this area, it has previously consulted on making changes to the generation licence in order to improve the regulatory clarity on the treatment of electricity storage in the regulatory framework. Ofgem concluded that storage should be treated as a form of generation and proposed a number of generation licence amendments, including the insertion of a definition of storage.

While these changes were proposed in late 2017, we note that such proposals have yet to be implemented. In absence of this regulatory clarity on storage, we would question whether the proposed prohibition which simply refers to the activity specified in Section 4(1)(a) of the Electricity Act, provides adequate regulatory certainty on the operation of storage assets falling within scope of the prohibition.

Consistent with its proposals for the generation licence, we believe Ofgem should consider whether additional regulatory clarity is required within Standard Licence Conditions 31D and 43B to appropriately reflect the inclusion of storage assets. We would also welcome an update on Ofgem's proposals for amending the generation licence as described above.

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Should you wish to discuss any of the issues raised in our response or have any queries, please contact Steven Eyre on 0208 186 1356 or myself on 01483 489576.

I confirm that this letter may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink, reading "Paul Delamare".

Paul Delamare
Head of Customers Policy and Regulation