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### **Statutory consultations on the removal of certain Retail Market Review Simpler Tariff Choices rules**

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 welcomes moves by Ofgem to fully implement, at the earliest opportunity, the CMA's recommendation to remove some of the 'Simple Tariff Rules' introduced as part of the Retail Market Review (RMR). Furthermore, we are supportive of Ofgem's early decision to deprioritise enforcement of such rules ahead of the statutory consultation process. We believe the early introduction of this remedy will allow greater commercial flexibility and promote competition between suppliers to develop more innovative tariffs that are better suited to customers' needs both now and in the future.

Whilst the fast track implementation of this remedy is welcomed, we are concerned that consequential changes to the licence, in respect of the 'Clearer Information' elements of the RMR package together with the CMA's recommendation for a new tariff comparability principle, are being developed over a longer timeframe. Substantial interrelated regulatory change implemented over differing timeframes introduces significant uncertainty and risk for suppliers. We believe it is important that Ofgem acknowledges this choreography of change challenge and seek to minimise the period over which these related changes are implemented and provide clarity on their expectations of suppliers during the intervening period.

In terms of the proposed licence changes that form part of the statutory notice, we believe that on the whole these duly reflect the policy intent of the CMA's recommendation. Furthermore, we welcome Ofgem's decision to make a number of consequential licence amendments alongside the removal of the 'Simpler Tariff Rules'.

However, we are disappointed that Ofgem has not sought to make consequential amendments to the rules associated with tracker tariffs, as set out in Standard Licence Condition 22C and 23. Tracker tariffs can be attractive to customers but the current restrictions unduly limit the ability of suppliers to offer these tariffs. We believe maintaining this restriction is against the spirit of the CMA's recommendations in terms of

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promoting the ability and incentives of suppliers to compete and innovate in designing tariff structures. Consequently, we recommend, in support of further innovation in tariffs, that a review is conducted by Ofgem of the current licence conditions regarding tracker tariffs.

**Detailed Comments:**

1. It is proposed that existing SLC22A.3(c) is amended by the inclusion of additional wording - "the licensee must ensure that". We do not consider this amendment is required to implement, or consequential to, the removal of the 'Simpler Tariff Rules'. We note that no rationale has been provided by Ofgem, in its letter accompanying the statutory notice, stating the need for the additional wording, or why the requirement is not subject to a reasonableness test has adopted in other parts of the licence e.g. the Standards of Conduct.
2. We believe Ofgem should fully consider the extent to which SLC22CB continues to be required. This SLC was a transitional provision that primarily allowed for existing fixed term contracts (as at May 2013) that did not meet the new requirements on tariff structures (set out in SLC22A), to remain permissible. We believe Ofgem should review the ongoing need for such a provision including the extent to which there remain any contracts in the market that fall within the definition of "Transitional Fixed Term Contract". More specifically, if the SLC remains valid, given the amendments to SLC22A and the relaxation on tariff structures, we would question the need for the exclusion provided for in SLC22CB.3(a).

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Steven Eyre on 01452 653741, or myself.

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

Yours sincerely,

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

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