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### **Default tariffs for domestic consumers at the end of fixed-term contracts**

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.

We support Ofgem's proposal to allow customers to roll onto appropriate tariffs, other than the relevant cheapest evergreen contract, at the end of fixed term contracts. We agree that another fixed term contract is more likely to suit a customer's preferences at the end of their existing fixed term, and support the exclusion of termination fees from those tariffs.

We agree with the intention to leave it at suppliers' discretion whether to implement this new approach, such as flexibility on how such tariffs will be uniquely identified. This will help suppliers to differentiate themselves in the market and will promote competition to the benefit of consumers.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Kevin Hammond on 01273 428 521, or myself.

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

Yours sincerely,

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

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

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## Attachment

### Default tariffs for domestic consumers at the end of fixed-term contracts

#### EDF Energy's response to your question

**Q1. Do you have any specific concerns with our proposal to allow suppliers, as a default and subject to the controls we outline in our recommendation, to roll customers onto further fixed-term contracts at the end of their existing fixed terms?**

We support Ofgem's proposed changes to allow suppliers to roll customers to another Fixed Term Contract and welcome the prohibition on termination fees.

We envisage that the proposed licence arrangements for the transfer of a customer to a Relevant Fixed Term Tariff will work in much the same way as when transferring a Customer to the Relevant Cheapest Evergreen Tariff.

We would welcome clarity on the following points:

- When transferring to a Supplier's Relevant Cheapest Evergreen Tariff, a Customer may reject the variation of terms where a new Supplier attempts to register the supply up to 20 working days after the date the Fixed Term Supply Contract ends, as per SLC 24.10. It is not clear from Ofgem's Statutory Consultation, or proposed licence modifications, whether these protections will apply where the customer becomes subject to a new Fixed Term Contract under the approach outlined in the document. Therefore, clarity on this point would be welcome.
- The changes set out in the Statutory Consultation may also affect data provided to Ofgem as part of market monitoring activities and supplier reporting. Further Guidance to ensure a consistent approach for such reporting would be welcome.

#### Definition of "Relevant Fixed Term Default Tariff"

We do not believe the inclusion of the words "as similar as possible" are required. The policy recommendation from page 15 of the Statutory Consultation, is for a Relevant Fixed Term Tariff to be "similar in nature to the customer's current tariff", and not to be "as similar as possible".

We therefore propose that Ofgem modify (a) in the definition of Relevant Fixed Term Default Tariff to read:

(a) has terms and conditions that are **as similar as possible in nature** to the existing Fixed Term Supply Contract for that Domestic Customer

The above also applies to the SLC 31D definition applicable to White Label Tariffs.

**EDF Energy**  
**September 2017**