

Tom Kenyon-Brown
GB Wholesale Markets Team
OFGEM

17 April 2020

Dear Tom,

Statutory Consultation for adjusting the Electricity Market Reform Delivery Body Incentives and mechanisms to recover uncertain costs

EDF is the UK's largest producer of low carbon electricity. We operate low carbon nuclear power stations and are building the first of a new generation of nuclear plants. We also have a large and growing portfolio of renewable generation, including onshore and offshore wind, as well as coal and gas stations and energy storage. We have around five million electricity and gas customer accounts, including residential and business users. EDF is committed to building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

EDF supports Ofgem's proposals to change the ESO's licence to include an Uncertainty Mechanism (UM) to enable the EMR Delivery Body to recover efficient and appropriate costs related to the replacement IT system and to remove the Delivery Body's DSR incentive.

We welcome Ofgem's recognition that it is important that the Delivery Body engages with capacity market participants in the scoping and design of the IT system to ensure that it is fit for purpose and will meet user needs. The Delivery Body should also engage with capacity market participants to enable them to participate in user acceptance testing to ensure that the new system as delivered does indeed meet user needs. We also welcome Ofgem's commitment to engage with stakeholders to understand satisfaction with the new system as part of the UM funding assessment.

The Delivery Body set out a vision for the "Portal Refresh" in December 2019 and invited stakeholder engagement. EDF responded with initial comments by e-mail and expressed willingness to respond to the Delivery Body's proposed questionnaire and to participate in a proposed workshop. We have yet to receive either the questionnaire or details of the proposed workshop. While we recognise that Covid-19 may have caused some delays to the Delivery Body's plans, this does give us some concerns about whether the Delivery Body is engaging as effectively as necessary for the success of this project.

We agree with Ofgem that the DSR incentive should be removed. As Ofgem notes, it is not appropriate for the incentive mechanism to penalise or reward the Delivery Body for outcomes which are outside its control. We also believe that the other three components of the incentive

mechanism properly reflect the requirement for the Delivery Body to provide a high quality of service to all CM participants.

Should you wish to discuss any of the issues raised in this letter, please contact me.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Guy Buckenham', is enclosed in a light grey rectangular box.

Guy Buckenham
Head of Generation Policy and Regulation