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Dear Mick,

**Managing network charge bad debt – proposal enabling networks to recover potential bad debts arising from COVID-19 related deferred network charge payments and to introduce an enduring solution to bad debt recovery in general**

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/offshore wind and solar generation, 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 aims to help Britain achieve net zero by 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.

This consultation focusses on formalising the mechanisms for bad debt recovery following the introduction of the Network Charge Deferral (NCD) scheme by Ofgem and also to provide a clearer enduring solution to bad debt recovery. We do not have specific comments on the detail of the proposed mechanics set out in Ofgem's letter but do provide the following points:

- Beyond the temporary NCD schemes where the criteria to provide credit has been set by Ofgem, we would not expect any change in approach to existing credit provision through the implementation of these changes to the licence. It is important that the NCD schemes are a one-off response to support the unexpected conditions caused by COVID-19 and provide no basis to modify credit provisions more generally.
- While some instances of bad debt will be completely outside the network companies' control it is important that these new licence arrangements are carefully controlled to ensure that there is still an incentive on the network companies to recover and mitigate bad debt.

- Finally it is important that with the introduction of the NCD schemes and these further planned modifications to the licence that there is adequate reporting and transparency to the market of additional credit (through NCD schemes) and levels of bad debt more generally. Currently not all network companies are providing insight on the take up of credit under NCD schemes and hence potential increased bad debt. This needs to be addressed urgently.

We hope you have found our comments useful and we would be pleased to have the opportunity to discuss our points with you or your team in a further conversation. Should you wish to discuss any of the issues raised in our response or have any queries, please contact John Costa on 020 89352793. I confirm that this letter may be published on Ofgem's website.

Yours sincerely

Mark Cox  
**Head of Transmission and Trading Arrangements**