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Dear Arina,

Self-disconnection and self-rationing final proposals – statutory consultation

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 welcomes the opportunity to provide comments on Ofgem's proposals to improve outcomes for consumers who self-disconnect, self-ration and struggle to pay their energy bills. EDF is fully committed to providing appropriate support to customers experiencing financial difficulty. We support the proposals to further strengthen protections and ensure customers are provided with a consistent level of support, regardless of their chosen supplier.

Identifying Self-Disconnection and Self-Rationing

EDF welcomes the inclusion of the proposed licence conditions and definition of self-disconnection.

We recognise the importance of identifying and providing appropriate support to customers who experience self-disconnection, and the crucial role this plays in both getting them back on supply and reducing the risk of self-disconnection in the future. The proposed licence conditions ensure that supplier requirements in this area are clear and mitigate the risk of inconsistent application. However, we do not think the requirement on suppliers to adhere to other obligations already included in the licence is needed as the requirements under these conditions are clear. Ofgem should consider streamlining the drafting of the licence condition to avoid duplication¹.

¹ This includes the removal of the reference to licence condition 28.7 which is not needed.

EDF continues to recognise that self-rationing can, in some cases, be detrimental to customers' health and wellbeing. Where this is identified, generally through customer engagement, suppliers should take appropriate actions to provide support. As Ofgem has recognised, this is a particularly complex area. Any interventions must be appropriately balanced between welcoming the fact that customers may be increasingly more aware of their energy consumption and becoming more energy efficient, and identifying those customers in genuine need of support, such as those in a vulnerable situation. The inclusion of the self-rationing definition, in respect of licence condition 27A.5, does provide some clarity on Ofgem's intent. However, given the complexities in this area, future use of this concept elsewhere in the licence would risk confusion for suppliers on how to implement any proposals alongside wider obligations such as those in relation to energy efficiency. We support an industry led approach, via the appropriate Energy UK forums, to further understand and share best practice on what can be done to ensure customers in need are provided with the correct level of support across the market.

Emergency and Friendly hours credit

EDF agrees with the proposed licence conditions that see a requirement for all suppliers to offer both emergency and friendly hours credit. This is a positive step which should ensure that a minimum level of service for all prepayment meter customers is achieved across the market.

Although this is a welcome addition, it is important to recognise emergency and friendly hours credit is an immediate short-term support function to help customers remain or get back on supply. This type of support is not always helpful to customers who are already struggling to pay for their energy, as this imposes a debt that customers must then pay back later. It is crucial that suppliers balance this immediate short-term support with appropriate longer-term support.

Customers with a smart meter operating in prepayment mode also have an increased level of control in relation to topping up. Auto top up, for example, can help those customers who historically have run out of credit after forgetting to top up². Both will help to reduce the demand for emergency and friendly hours credit from some customers. As more smart data becomes available, suppliers will have further insight into customers' needs and will be able to offer more tailored services.

² Citizens Advice research Switched On: Improving support for prepayment consumers who've self-disconnected (2018) highlighted 47% of households forgot to top up their meters and 32% did not realise the meter was low on credit, resulting in disconnection.

Additional Support Credit

EDF considers the requirement to offer additional support credit as a positive addition to the licence. This further ensures a consistent level of support is provided across suppliers.

It is imperative that customers can access a range of support services based on their individual needs, and in some cases, this includes the use of additional credit. However, repeated use can put some customers further into debt. Ofgem has recognised that this may not always be in the best interests of these customers. We agree with Ofgem's proposal that suppliers will not be required to offer additional support credit where this is the case. The revised drafting enables suppliers to assess each customer on a case by case basis and offer the most appropriate short-term and long-term support.

Ability to Pay Principles

EDF supports the inclusion of the Ability to Pay principles into licence. The proposed licence conditions will ensure customers struggling to pay their energy bills are provided with an important level of support, which is consistent across the market.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Claire Clark or myself.

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

Yours sincerely

A handwritten signature in black ink that reads 'R. Beresford'.

Rebecca Beresford
Head of Customers Policy and Regulation