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Consumers and Competition
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Email to: ConsumerPolicy@ofgem.gov.uk

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Protecting consumers who receive backbills

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 aim to protect consumers from the shock and financial hardship of catch-up bills for unbilled consumption older than 12 months. EDF Energy has been a signatory of the Energy UK Code of Practice for Accurate Bills and Voluntary Standards for Backbilling of Microbusiness Energy Customers since their inception, and agree that all suppliers should be providing equal protection. Including this as prescriptive regulation within the licence is the most effective way to achieve consistency across the market.

We are confident the current back billing limitation offers the best level of protection for customers; therefore, we are satisfied that the Ofgem proposal should retain a 12-month limit for both traditional and smart meters.

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 Jennifer Rademeyer on 020 8935 2029, 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

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EDF Energy's response to your questions

Policy issues and considerations

Q1. Do you agree with our assessment of the consumer harm? Both for domestic and microbusiness consumers?

EDF Energy agrees that consumer harm can arise when catch-up bills are received for energy consumed over 12-months ago when the consumer is not at fault, as is supported by the evidential case studies provided. Consumers should expect their supplier to bill them accurately, and we are concerned to learn that cases relating to backbilling are on the rise.

Despite the Billing Code's aim to drive improved standards of performance and to provide a common framework, it appears consumers will not receive a consistent level of service unless this is included as prescriptive regulation within the licence.

Q2. Do you agree with the way we are proposing to implement a backbilling limit and the other effects of our proposed licence modification?

EDF Energy is confident the current back billing limitation offers the best level of protection for customers; therefore, we are satisfied that the Ofgem proposal should retain a 12-month limit across domestic, microbusiness and smart.

We welcome the inclusion of policy intent, and details of exclusions, however, we would recommend Ofgem review this and consider replicating Energy UK's scenario document. This document provides additional information and detailed scenarios on how back billing limits should be applied. The guidance in this document is used by members of the Billing Code and aims to achieve consistent application of the Code. It would be prudent for Ofgem to consider including this as Guidance to accompany the new licence condition.

Q3. Do you agree with our assessment of the costs to suppliers?

EDF Energy has been a signatory of the Energy UK Billing Code since its inception in 2007, during this time we have heavily invested in system and process upgrades to enable us to achieve Gold standard. Therefore, we would expect a minimal cost impact associated with the implementation of the proposed Licence Condition

Since 2007, Ofgem has secured a commitment from domestic energy suppliers to put a stop to customer back-billing for energy used more than 12 months ago, if the supplier was at fault for not sending a bill or billing incorrectly. Whether energy suppliers have developed their own policies to reflect the commitment, or adopted Energy UK's voluntary standards, this consumer protection principle has been in existence for a decade. If suppliers who have not adhered to this commitment now face high costs to implement

the new regulation, this must be balanced against up to 10 years of additional income related to back-billing for energy used more than 12 months ago, and associated consumer detriment. Additionally, suppliers who do adhere to the commitment would have borne a significant cost in the past.

Q4. Do you agree with the proposed implementation period?

Yes, we agree with Ofgem's proposed implementation period. EDF Energy is proud to have been recognised as Gold standard as part of the Code of Practice for Accurate Bills and will continue to apply the same high standards.

As we support Ofgem's view that customers should be guaranteed these protections, we would not support any varying in the implementation date for different suppliers based on the level of protection they currently provide. Ofgem's back-billing principles and Energy UK's standards are well established, and we see no reason why suppliers have not made the necessary provisions to implement a backbilling limit of 12-months, where they were at fault.

EDF Energy
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