

Mrs Fay Geitona
European Regulators' Group for Electricity and Gas
28 rue le Titien
1000 Bruxelles
Belgique

16 June 2010

Dear Fay,

Draft Guidelines of Good Practice on Indicators for Retail Market Monitoring
Ref: E09-RMF-14-04

EDF Energy welcomes ERGEG's consultation on Draft Guidelines of Good Practice on Indicators for Retail Market Monitoring. The Third package has strengthened the powers of National Regulatory Authorities (NRAs) and stated in particular that they shall have the duty to monitor the level and effectiveness of market opening and competition at wholesale and retail levels. In that sense, the draft Guidelines prepared by ERGEG can be considered as a valuable toolkit to meet their obligations benefiting from each other's experience.

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, renewables, coal and gas-fired electricity generation, combined heat and power plants, electricity networks and energy supply and services to end users. We have over 5 million electricity and gas customer accounts in the UK, including both residential and business consumers.

In principle, EDF Energy supports ERGEG's general objective to provide an informed basis on which "all NRAs can evaluate and assess the development and functioning of their retail markets". Nevertheless, based on our GB market experience, we would like to highlight the following points:

- Suppliers are already subject to numerous reporting requirements in the GB market. We believe that indicators should be based on existing reporting requirements currently laid down by the regulators.
- Any change in the form and the content of reporting may incur significant costs especially as regards IT system adaptation.
- The GB retail market can be considered as one of the most competitive in Europe and even beyond. The consistency of the set of indicators across Europe should not lead to a backward step in the way the market is monitored by Regulatory Authorities.
- Possible modification of current national indicators should take into consideration the added value for consumers though cost benefit analysis.

European Guidelines could, of course, facilitate benchmarks, although very different market conditions among European national markets make comparisons complex to assess. For instance, in GB suppliers bear obligations, such as Feed in Tariffs, social interventions, etc., which are passed through to customers via network tariffs in many

other countries. In that respect, the proposed indicator 5 "Retail margin for typical household customer" may seem meaningless.

A positive outcome of European Guidelines could be the stabilisation of reporting requests by National Regulatory Authorities. However we may expect that the new challenges that the energy sector will have to meet will inevitably lead to new indicators: for instance, roll out of 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 my colleague Michel Tocher on +44 20 7752 2167 or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "D. Linford".

Denis Linford
Corporate Policy and Regulation Director

Attachment

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b) if any indicators should be left out of the final recommendations

indicator 2: Number of customer enquiries by category

Implementation of this indicator would require significant resources to capture and allocate all customer contacts. We would question the purpose of this objective for public usage.

indicator 5: Retail margin for typical household customer

The GB experience shows that investigations carried out in that field by regulators are highly contestable. If the aim is to assess the level of competition on a specific market, we believe that there are more objective indicators to address this issue.

indicator 13: Number of renegotiated contract for households customers

We believe that this issue needs clarification as to whether it relates to customers renegotiating the terms of their existing contracts or whether it relates to customers switching products (tariff) within the same company. Indeed, "small" customers do not negotiate their contract but select a product among a range of products offered by suppliers. It would be difficult to make differentiation between a new commercial product and an existing product with updated terms and conditions.

c) if any indicators you think are insightful are not present

We believe that the new challenges to be met by the energy sector will inevitably lead to the creation of new indicators which are not included in the present list.

We may think primarily to the roll out of smart meters and, in relation to this roll out, any metric measuring the development of competitive offers incentivising customers to better manage their load curve. However, we believe that it is too early to implement such indicator as smart meter roll out programs are currently not yet finalised in many countries.

The development of distributed generation, electric vehicles, etc. will surely have to be monitored and we may also expect to see new indicators in these different areas.

d) if any indicators should be measured differently

indicator 3: Is there a reliable price comparison website available for customer?
In developed competitive markets, there are number of independent commercial price comparison websites. We believe that the main issue is the level confidence in the results delivered by these sites. The existence of a Confidence code would seem to us more appropriate.

e) in the light of national circumstances among other things, if suggested frequencies for collection are appropriate and feasible;

We do not believe that any recommendation regarding frequency for collection should be given in European Guidelines of Good Practice as this depends of the particular situation of each country and the maturity of its markets.

f) if there is any indicator for which the results should be published in an unaggregated form, thus naming the individual energy company.

We do not understand under which circumstances such a scheme could apply and for which benefit.

EDF Energy
June 2010