

Dora Ianora  
Industry Codes and Licensing Manager  
Ofgem  
9 Millbank  
London  
SW1P 3GE

19 October 2012

Dear Dora

**Notice of an appeal by Utilita against a decision of the Master Registration Agreement (MRA) Forum regarding MAP CP 130**

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, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

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 Dan Simons on 07875 113701, 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 Downstream Policy and Regulation**

## Attachment

### Notice of an appeal by Utilita against a decision of the Master Registration Agreement (MRA) Forum regarding MAP CP 130

#### EDF Energy's response to your questions

a. **Does the formula to re-distribute PPMs unallocated transactions better facilitate competition in electricity supply, in accordance with Standard Licence Condition 23 of the Electricity Distribution Licence?**

We do not agree that the formula to re-distribute unallocated PPM transactions to suppliers, based on their share of the three technologies in the prepayment market, better facilitates competition in electricity supply.

In fact, the change could be seen as prejudicial to new or smaller suppliers. Particularly when considering that these parties are likely to be more exposed to change of supplier and meter exchange activities, both of which are common causes of unallocated transactions.

In addition, we are concerned that the changes proposed by MAP CP 130 are unclear and may be open to interpretation. Specifically, we believe that additional clarification is required in the following areas:

- Whether it would be possible for a party to make a subsequent claim on funds that had been distributed under MAP CP 130.
- How the process aligns with misdirected payments given the disparity between backstop dates (2 years for unallocated transactions / 5 years for misdirected payments).
- Whether the allocation under MAP CP 0130 would be determined by the market share in prepayment at the point the report was run or when the unallocated transaction was made.

b. **Is there a more efficient and economical way to re-distribute these unallocated transactions, which would better facilitate competition in the supply of electricity?**

Over the past few years there have been a number of improvements made to both MAP 14 and the working practice product set / misdirected payments process. These have already led to a significant reduction in the unallocated prepayment pot.

We welcome further discussion on an alternative solution to deal with unallocated transactions. In particular, we would like to see a solution that takes a more holistic view of prepayment issues.

We agree with the principle that there should come a time, when all other avenues to claim have been exhausted, that any remaining money should be divided up amongst suppliers. We are in support of the money for unallocated payments being held for a longer period to allow sufficient time to fully reconcile account issues and allocate money correctly. Due to the complexities of industry systems to manage these processes, we believe that a period of five years would be appropriate, and this would align with the timescales for misdirected payments.

We believe that there may also be value in exploring the use of MAP, MOP and ECOES data to investigate and resolve data quality issues prior to any allocation of transactions.

Any measures introduced should seek to address the underlying cause of unallocated transactions, rather than merely look to distribute monies to suppliers irrespective of whether or not they make any effort to resolve the associated data quality issues.

In summary, it is imperative that all avenues to claim have been exhausted prior to a prepayment transaction being deemed as "unallocable".

**c. Is the industry trying to find other ways of solving the issue of unallocated PPMs transactions?**

No. There are currently no change proposals or MRA Issue Forms in development that are focussed on solving the issue of unallocated PPM transactions.

There has been some recent discussion on prepayment issues at the MRA Issue Resolution Expert Group (IREG), but this has been limited to the misdirected payments process.

EDF Energy continues to maintain that the most effective way to address prepayment issues is to take a holistic view of both unallocated transactions and misdirected payments.

**d. Do you consider that this change aims to introduce an incentive on parties and, if so, do you think that the effect of this incentive would be retrospective?**

No. We do not consider that the approach detailed in MAP CP 0130 will meet the objective of encouraging supplier action to correct data that leads to unallocated transactions.

While we agree that a process to deal with “unallocable transactions” is required, we strongly believe that this process should only be used as a last resort once all other avenues to claim have been exhausted.

It is imperative that parties (suppliers, MOPs and MAPs) continue to resolve data quality issues that lead to unallocated transactions. We do not consider that a scheme to allocate revenue for transactions that took place greater than 2 years prior to the date of the allocation run will encourage suppliers to do this, and in fact may lead to this process becoming the norm rather than a last resort.

**EDF Energy**  
**October 2012**