

Steve Kirkwood
Ofgem
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Email to: MarketsStakeholderTeam@ofgem.gov.uk

7 June 2024

Dear Steve

Supplier Guaranteed Standards of Performance (GSOP) payments inflation uplift consultation

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore, offshore wind and solar generation, and energy storage. With around six 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.

We welcome the opportunity to provide feedback on the proposed uplift to Guaranteed Standards of Performance (GSOP) payments. Considering the unusually high inflation within the overall economy in recent years, and the recent changes made to network GSOP payment levels, EDF fully supports the reassessment of the payment amount. This is crucial to ensure suppliers continue to be incentivised to consistently uphold GSOP standards, and to ensure that consumers are fairly compensated in cases where a supplier fails to do so, as originally intended during the last review in 2015.

We support Ofgem's proposed approach to increasing GSOP payments (Option 2). This option ensures consistency and aligns with historical uplifts. Option 2 not only sets the payment level in line with historical inflation (as done with the £30 payment level since 2015), but also considers forecasted inflation. With this in mind it is important that, if Ofgem proceeds with Option 2, that this is implemented with the long-term in mind to ensure longevity and consistency for suppliers and customers. Additionally, Option 2 requires minimal implementation and less frequent changes to processes and communications, reducing strain on supplier resources.

Our responses to your questions 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 Tamara Dowson or myself.

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

Yours sincerely

A handwritten signature in black ink, appearing to read "K. Watson", with a long horizontal stroke extending from the end.

Keith Watson
Senior Manager Customers Policy and Regulation

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EDF's response to your questions

Q1. Do you agree with our rationale and assumptions for the supplier GSOP payment level uplift?

Yes, we agree with the rationale and assumptions for the supplier GSOP payment level uplift.

Q2. Do you agree or disagree with our preferred option for uplifting payments?

Yes, we agree with Ofgem's preferred approach (Option 2) to uplifting GSOP payments.

Q3. Are there any factors that we have not considered for each of the options under consideration?

No, we have not identified any other factors that should be considered.

EDF
June 2024