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Electricity System Operator incentives 2015/17: Initial Proposals

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.

We support Ofgem's proposal to extend the Balancing Services Incentive Scheme for the 2015 – 2017 scheme and retain the existing incentive parameters. We continue to see improved transparency of the market and System Operator (SO) actions as a priority area for improvements and welcome Ofgem's proposal to work with National Grid to look for ways to deliver increased transparency. While we consider that National Grid already has this incentive, we certainly think that further information and insights can be provided to all market participants to ensure smooth operation of the transmission system at least cost to consumers.

The System Operability Framework sets out a number of challenges for the SO in the medium term. Given these increasing challenges, it is important that National Grid is incentivised to solve these issues to ensure that system quality is not degraded. We note Ofgem does not mention this and we think this needs to be addressed more explicitly.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Mark Cox on 01452 658415, or me.

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

Yours sincerely,



Angela Pearce
Corporate Policy and Regulation Director

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