



Smart Metering Implementation Programme - Regulation
Department of Energy & Climate Change
Orchard 3, Lower Ground Floor
1 Victoria Street
London
SW1H 0ET

Email to: smartmetering@decc.gsi.gov.uk

20 January 2014

Smart Metering Implementation Programme - Government response and further consultation: provisions in the Smart Energy Code concerning financing of communications hubs and consequential changes to the DCC Licence

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.

EDF Energy understands the principle and rationale of DECC's policy decision regarding comms hub financing. However, we continue to believe that requiring suppliers to provide a float covering three months of charges for the communications hubs is excessive and that one month is more appropriate. Companies with investment grade credit ratings are extremely unlikely to fail to pay these charges. We therefore believe that the number of month's credit should reflect the different risks posed by different companies. This will ensure that the CSP, Communications Hub Financier and DCC are protected from the risk of failure whilst also limiting the cash suppliers are required to lodge and the costs associated with this. Suppliers are focused on managing their cost base to ensure that the impact on customers is minimised. We recognise that the current proposal affects only a small proportion of the total comms hubs requirements, but we remain concerned that this arrangement will set the precedent for future tranches of comms hubs or other mandatory equipment.

EDF Energy recognises the need to update the relevant DCC Licence Conditions to align it with the proposed communications hub financing arrangements. Apart from the concerns expressed above we do not have any other comments on the proposed DCC Licence changes.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact



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

Yours sincerely,