



EDF Energy
Policy perspectives
2015



2015 is a pivotal year for the energy sector and customers in the UK. The policy decisions taken over the coming months will have a profound impact on how we tackle the challenges that we face:

- the international community will be looking to reach a binding agreement to tackle climate change;
- major investment decisions are to be made to secure the UK's low-carbon energy future;
- the Competition and Markets Authority will complete its investigation into the energy market;
- energy suppliers will ramp up delivery of a multibillion-pound smart metering programme which will give customers accurate bills, easy switching and save them energy.



We are committed to making a long-term difference to Britain, not just in providing power, but also in investing in education and skills, research and development and in encouraging more young people to take up careers in science and engineering.

Energy plays a fundamental role in the economic health of our nation, so it is vital that government, industry, regulators and consumers work together to give the UK reliable, affordable and low-carbon energy. EDF Energy is developing innovative solutions to help rebuild consumer trust and to allow us to forge a closer relationship with our customers.

A handwritten signature in black ink, appearing to read 'V. Rivaz'.

Vincent de Rivaz CBE

Chief Executive

EDF Energy is the UK's largest producer of low-carbon electricity. We generate around one-fifth of the nation's electricity from our nuclear power stations, wind farms, coal and gas power stations and combined heat and power plants.

We have around 5.5m residential customer accounts and are the largest electricity supplier to UK businesses and industry.

We are also delivering vital infrastructure and building the UK's industrial strength through our investment in major energy projects. These include our proposed new nuclear power station at Hinkley Point C in Somerset, our nuclear plant life extensions and our renewables projects.



CLIMATE CHANGE

In December 2015, the United Nations COP21 climate change conference in Paris will focus on reaching international agreement to limit the increase in global temperatures to two degrees.

Restricting the increase to two degrees means cumulative global emissions of carbon dioxide need to be limited to one trillion tonnes. We are already half way towards hitting this number.

The Government's continuing commitment to a Carbon Price Floor will encourage investment in low-carbon generation.

EDF Energy is committed to tackling climate change through producing low-carbon electricity and promoting energy efficiency. We are already investing in existing and new energy generation including existing nuclear, new nuclear and renewables. We are also committed to delivering our energy efficiency targets under the current Energy Company Obligation scheme. The smart metering programme will help cut emissions through energy efficiency.

- **We support a strong and ambitious agreement at COP21 in Paris to unlock global investment for low-carbon electricity.**
- **We support the UK Government continuing to lead the world on climate policy and in setting ambitious carbon reduction targets at an EU level.**
- **Climate change issues need to be addressed in a way that stimulates competition and enhances Britain's ability to compete in the global economy.**



CUSTOMERS

EDF Energy first called for an investigation into the energy market in 2011, seeing it as an opportunity for an independent examination to ensure that the industry acts fairly and in the interests of consumers.

EDF Energy shares the Competition and Markets Authority's (CMA) concerns that too many customers lack the confidence or motivation to make an active choice of energy tariff. We have been working hard to make sure our customers feel confident enough to choose the right energy tariff. We seek to offer competitive prices to all our customers, and our standard variable prices have been the cheapest for most of the last three years. We have gone further than others to help customers get and stay engaged, with 40% of our customers on fixed deals.

We have shared ideas with the CMA on how we could go further, including through simplification of pricing and our successful promotion of fixed price tariffs.

EDF Energy's main points to the CMA:

- **The retail market is competitive but we can make it even better by helping customers feel confident about their ability to choose the right energy tariff.**
- **Wholesale markets work, providing suppliers large and small with the electricity and gas they need at prices that are robust.**
- **There are a large number of competing generators with moderate market shares and profits, with no individual generator able to manipulate the market.**
- **Companies which both supply and generate electricity do not have a detrimental impact on others with a different ownership model.**

SMART METERING

Smart meters can make a big difference to the way customers use and save energy. We want to make sure this programme is delivered as safely and cost-efficiently as possible so that it delivers consumer benefits such as accurate bills, easy switching and energy saving.

Suppliers have five years to install a smart meter in everyone's home. We believe that this five-year period should only start from the point at which the communications network (DCC) goes live.

We are currently installing the first generation of smart meters, which are a step forward but do not offer the full benefits of more advanced meters. We believe the focus should be on the next generation of smart meters once the technology to support them is ready.

- **We recommend that the Government reviews the programme to ensure its success and to maximise the use of more advanced meters.**
- **A senior figure with major infrastructure experience should be appointed to oversee delivery and keep costs down.**

ENERGY EFFICIENCY

Energy efficiency is another vital way to cut costs for consumers, reduce demand and cut emissions. We are committed to the current Energy Company Obligation (ECO) scheme and are well advanced in terms of meeting our targets.

- **We would like to see ECO left unchanged before March 2017 when it is due to end.**
- **We will work with the Government on any post 2017 arrangements. Efficient, transparent and well understood arrangements should help build trust and deliver the much needed improvement to UK housing stock.**

SUPPORT FOR VULNERABLE CUSTOMERS

We work hard to keep energy bills affordable and to ensure that appropriate support is given to those in fuel poverty. We are developing digital tools to help consumers understand how much energy they are using and how to cut down costs – saving them money and reducing our collective environmental impact.

EDF Energy's support for vulnerable customers:

- Our Priority Services Register provides support for households in need of extra care.
- Our Personalised Support Services offers all of the services that we have available to our customers in one place, including help to find a better tariff and way to pay.
- We are partnered with Plymouth CAB to provide independent debt advice across the UK.
- Since 2003 we have donated over £22 million to our Trust Fund which helps those in debt.



NUCLEAR NEW BUILD

We are leading Britain's nuclear renaissance with our plans for the construction of Hinkley Point C.

It will provide enough low-carbon electricity for more than 5 million homes (7 per cent of UK demand), while avoiding around 9 million tonnes of CO₂ every year.

Hinkley Point C is competitive with all large scale forms of low-carbon generation. It will help secure our energy supplies – the gas required to generate as much electricity as Hinkley Point C would increase Britain's total gas demand by 5% compared with today's consumption.

Construction will create 25,000 new employment opportunities and 1,000 new apprenticeships. It will operate for 60 years, providing direct employment for 900 people.

This huge infrastructure project will contribute to the UK's industrial stamina by securing energy supplies, providing employment and skills for thousands of people, and using UK firms for the majority of the construction value. This is the first in a series of new build projects and will be followed by Sizewell C in Suffolk.

The Hinkley Point C project is ready for a final investment decision. We will work with the Government and investors to complete the final steps which will enable this infrastructure project of national importance to go ahead as soon as possible.

GENERATION

The energy market is challenging while the need for investment remains pressing. We are investing £600m a year in our existing nuclear power stations and are safely extending their operating lives, in addition to investment across our coal and gas stations and renewable energy projects.

This investment has been underpinned by reforms to the electricity market developed with cross-party support. Continuity is vital if we are to secure on-going investment in energy infrastructure.

Capacity Market: The Capacity Market is an important tool for encouraging investment and delivering reliable supply, especially through periods of peak demand. The competitive and technology-neutral nature of the first auction that took place in 2014 means that customers will benefit from secure supply at the lowest possible cost. It has also given us the confidence to continue making investment across a diverse mix of generation technologies.

Carbon Price Floor: The Carbon Price Floor is another key element of Electricity Market Reform. It encourages a move from coal to gas, nuclear, wind and biomass. A stable price until 2020 and a rising trajectory beyond then will help deliver investor confidence.

Contracts for Difference (CfDs): CfDs encourage investment in large-scale low-carbon electricity generation. They provide certainty for investors by offering fixed returns, while also protecting consumers from volatile energy prices. This certainty is helping EDF Energy invest in a range of low-carbon technologies.

Electricity Market Reform's policy instruments should be maintained in order to encourage low-carbon investments and ensure that the UK meets its climate change targets.





EDUCATION AND SKILLS

EDF Energy is committed to delivering skills needed for the future. We are working to establish strong relationships with Further Education (vocational) and Higher Education bodies (universities such as Manchester, Bristol and Imperial College) and run a significant programme which promotes Science, Technology, Engineering and Mathematics (STEM) subjects across the UK and involves 300 STEM Ambassadors.

Cannington Court Campus

Our Cannington Court Campus is a national hub supporting a wide range of training initiatives across the UK. It will be a cutting-edge residential training centre with pioneering low-carbon and energy saving technology in a sensitively restored 900-year-old Grade I Listed Building.

Schools

Over 19,700 schools and groups are registered to The Pod. This award-winning sustainable schools programme supports teachers and young people aged 4 to 14 on energy, science and sustainability issues by providing free resources and running national campaigns.

In Somerset, our Hinkley Point C 'Inspire' Education Programme has run over 500 events to engage over 82,000 school children in more than 170 local schools, helping them understand the world of science, technology, engineering and mathematics and related careers.

Skills and apprenticeships

We take on around 70 apprentices each year to our four-year engineering maintenance apprenticeship.

Our skills programmes include our partnership with Bridgwater College in Somerset. The Hinkley Point C project helped develop the Construction Skills and Innovation Centre at Bridgwater College. The training facilities provide realistic working environments in which trainees can experience the actual skills, behaviours, culture and working conditions that will enable them to work safely at the Hinkley Point C site – itself only five miles away.

We are also working to increase the number of girls studying science and engineering. We have seen an increase in female hires to our four-year engineering maintenance apprenticeship in 2014, from 6% to 20%, and a 190% increase in female applications.

- **Our Cannington Court Campus will be a national hub supporting training initiatives across the UK.**
- **We take on around 70 apprentices each year to our four-year engineering maintenance apprenticeship.**
- **Over 19,700 schools and groups (including over 60% of UK schools) are registered to The Pod, EDF Energy's award-winning sustainable schools programme.**
- **The Hinkley Point C project has invested £1.5 million to develop the Construction Skills and Innovation Centre at Bridgwater College in Somerset. It is already meeting the training needs of Hinkley Point C.**



EDF ENERGY UK RESEARCH AND DEVELOPMENT

The R&D UK Centre is an integral part of the Group R&D network and is responsible for leading research and development activities in the UK.

Our 50-strong fully international team is engaged in projects of various sizes in support of EDF Energy and EDF Group and works across all types of energy including nuclear collaboration with Generation R&D, renewable technologies, energy management, energy efficiency, smart meters and digital innovation. Innovation and research are needed to deliver the flexible electricity system that will make the most of all existing and future low-carbon technologies.

The Centre plays a key role in increasing EDF Energy's visibility and excellence within the UK scientific community and managing long-term relationships with research organisations like universities, including UCL, Imperial College, University of Strathclyde, University of Manchester and University of Bristol with 50 PhD students in total.

The EDF Energy R&D UK Centre focuses on:

- Supporting EDF Energy's existing nuclear plants and new nuclear plans.
- Developing smart, digital innovations for customers.
- Supporting the development of renewable technologies.
- Fostering collaborative partnerships across sectors including business and academia.



