

Mr. Bates,

I am writing in response to your letter to Paul Cuttill regarding Fuel Poverty in Wales. Unfortunately I will be unable to attend the oral evidence session on 10th April but I hope that the following information is of interest to you.

EDF Energy is one of the UK's largest energy companies including electricity generation. We distribute electricity to over 20 million people and supply electricity and gas to over 5 million domestic, industrial and commercial customers

EDF Energy has an industry leading approach to Fuel Poverty, as the energy supplier who introduced the first Social Tariff, the first energy industry Trust fund and being the first supplier to align pre payment electricity prices to those of credit meter prices.

EDF Energy has circa 34,000 customers in Wales. Our social tariff is available to all customers no matter their geographic location and likewise the Trust fund is not constrained by geographical area – thus any customer identified as being Fuel Poor can benefit from our measures. Our social tariff currently offers a 15% discount from core prices applied to whichever payment method the customer chooses and around 55,000 customers currently benefit from the EDF Energy social tariff – Energy Assist.

Our Trust Fund was established in 2003 as an independent Trust Fund providing financial support to households in debt, and to third party welfare and debt advice organisations. We have donated nearly £7 Million to the Trust Fund, which has made over 8,000 awards since its inception, allowing households in serious debt to make a fresh start.

EDF Energy has also undertaken a number of different approaches in our approach to fuel poverty, including taking a leading role in the recent DWP mailing to 250,000 households in receipt of pension credit in England, Wales and Scotland to offer them support including free insulation and advice from their energy suppliers. We also have a number of successful partnerships with organisations who support vulnerable households, including with the WRVS who are able to identify vulnerable customers as a result of their direct customer contact in delivering services to the elderly.

We recognise that fuel poverty is a result of wider issues than those of energy prices alone and offer customers energy efficiency advice and benefits entitlement checks as well as tariff relief as we understand that both energy efficiency and income are critical factors in combating fuel poverty.

Finally, we are also recognised by fuel poverty campaigners such as the Fuel Poverty Advisory Group and energywatch for our exemplary approach to our customers using prepayment meters. Whilst these customers are not necessarily fuel poor, they are more likely to be fuel poor and we have therefore committed to offering them the fairest prices. Prepayment meters are more expensive for suppliers to service, and Ofgem has estimated that these costs are an average of an extra £85 compared to a direct debit

customer. Many suppliers charge a lot more than this but our price difference is currently around £71, also reflecting the fact that we were the first energy supplier in 2005 to announce that we would equalise our tariffs for prepayment customers to those for customers that pay by cash and cheque. We have recently announced in our recently published social commitments that we will commit to continue to offer such fair prepayment pricing; I attach a copy of these commitments for your reference.

If you require any further information please do not hesitate to contact me

Jo

Jo Steven
Director of Specialist Marketing
EDF Energy

2008

*Our Social
Commitments*



EDF ENERGY CHIEF EXECUTIVE VINCENT DE RIVAZ INTRODUCES OUR VISION

>> OUR VISION

**SUSTAINABILITY IS AT THE HEART OF THE WAY
EDF ENERGY DOES BUSINESS. FOR ENERGY
COMPANIES INVESTING IN THE FUTURE OF THIS
COUNTRY THERE CAN BE NO OTHER WAY.**

*“ We present to you
Our Social Commitments.
We will build on them in
years to come. We believe
these commitments will
make a material difference
now, and in the future.”*

Sustainability means doing business in a way that delivers not just economic profitability but environmental performance and social well-being. Only when all three elements are balanced together is the business truly sustainable.

In June 2007, we launched Our Climate Commitments. This set of pledges represents the most far-reaching commitments to reduce carbon emissions and help tackle climate change made by any major UK company to date. That document outlined our environmental performance objectives for the next decade and beyond.

Now I have pleasure in presenting our objectives in the social sphere of sustainability. Whereas Our Climate Commitments focused mainly on climate change, Our Social Commitments cover a wide and diverse range of challenges. They cover energy affordability, security of supply, safety, ethical procurement, employee development and community investment. Like Our Climate Commitments, these pledges are bold and ambitious. And taken together, like Our Climate Commitments, they go beyond anything yet seen in our sector.

We have received invaluable advice from a range of stakeholders who have informed our thinking. At the

back of this document, you can read the views of Will Hutton, Chair of our Stakeholder Advisory Group. Within these pages you will find the views of Peter Madden, Chief Executive of Forum for the Future and Peter Lehmann, Chair of the Fuel Poverty Advisory Group. We thank them all for their challenge and advice.

We hope you agree that these pledges demonstrate our genuine commitment to social well-being. We believe that, combined with Our Climate Commitments, they represent a comprehensive and exhaustive response to the sustainability challenges facing our industry. Only when we deliver good environmental performance and live up to our social responsibilities will we achieve long-lasting success in the final dimension of sustainability – economic performance.

I present to you Our Social Commitments.

Vincent de Rivaz
Chief Executive, EDF Energy

>> OUR CUSTOMERS

EDF Energy has always taken its responsibility to vulnerable customers very seriously and, in particular, has gone far beyond regulatory obligations to support customers struggling to pay energy bills and keep warm.

“ I welcome EDF Energy’s social commitments. The breadth of these commitments, the measurable targets, and the special provisions for vulnerable customers seem to me to be very helpful. I have often urged energy suppliers to keep their energy prices as low as possible. So EDF Energy’s focus on the lowest possible prices is welcome and I am sure they will monitor and report on this carefully. Their commitment on their social tariff and on prepayment prices will continue to help many vulnerable customers- as will the extension of the Trust Fund, which provides an emergency safety net for those customers who still fall into debt. These measures are very important, especially at a time of rising energy prices, and I am pleased that EDF Energy is keen to lead on these issues. ”

Peter Lehmann
Chair of Fuel Poverty Advisory Group

As well as pledging an enduring social tariff we will measure our success by the number of customers we help through our Energy Trust.

Energy Assist tariff extended to March 2009

Enduring Social Tariff until 2012

23,000 customers assisted by Energy Trust by 2012



LONDON WARM ZONE

The EDF Energy London Warm Zone is a partnership approach to tackling fuel poverty and investing in energy efficiency in London. Having started in a single east London borough, the Warm Zone has grown to cover much of east and west London. Specialist advisors conduct house-by-house assessments of a household’s energy use and its income. The advisors are able to help complete applications for unclaimed benefits and arrange investment in energy efficiency measures. Together, these actions address the root causes of fuel poverty: low income and inefficient energy use.



© EDF Media Library - Philippe Eranian

OUR PLEDGE

We will commit to keeping our prices competitive and will provide enduring support for our most vulnerable supply customers until 2012.

We created the first energy trust fund for customers in debt, and the UK’s first specialist energy social tariff for vulnerable customers. We are now proposing to go even further in making some long-term voluntary commitments.

Firstly, we will focus on the efficiency of our business so that we can offer competitive prices to all our customers. This makes good business sense and is particularly important for our vulnerable customers. Even where we are unable to identify those in need of our additional support, we can offer them the vital security that comes from truly competitive energy prices.

Secondly, we will help our vulnerable customers to reduce their energy bills by ensuring that they have access to free energy efficiency advice and practical measures to reduce their energy usage.

Finally, we will make a long-term commitment until 2012 to provide an enduring package of specialist support for our most vulnerable customers.

We will commit long-term support to the EDF Energy Trust, by guaranteeing a **minimum of £1.5 million per year** until

2012. The Trust, founded in 2003, has so far helped around 8,000 vulnerable customers deal with debt problems. Our goal is to assist a further 15,000 vulnerable customers by 2012.

We will commit to offering a **social tariff to our most vulnerable customers until 2012** and, in the first instance, will **extend our Energy Assist tariff for a further period until the end of March 2009**. This will be allied to a package of support including the offer of a free benefit entitlement check.

In the case of prepayment, there are additional costs that arise from the use of prepayment meters. EDF Energy will endeavour to keep these additional costs to a minimum and will continue to ensure that the prices we charge our prepayment meter customers are reflective only of these additional costs.

Overall, these significant, long-term commitments see us once again leading the industry and going further than any other energy supplier in developing sustainable solutions to support our most vulnerable customers.



In addition to helping the customers who buy our energy, we pledge to support those households connected to our electricity distribution networks. For some customers connected to our networks, particularly the very frail, those with special needs or with vital electrical medical equipment, power failures can be inconvenient or, at worst, life-threatening.

We currently support our priority customers on the rare occasions they suffer loss of power and, indeed, we have twice won recognition from Ofgem for our approach.

CONTINUITY OF ENERGY SUPPLY

Alongside pledging to lead the industry on two vital issues we will measure our commitment through the number of support packages we provide.

at least **10,000** packages of support provided by 2012

“We are determined to lead the industry in developing new approaches to supporting vulnerable customers.”

OUR PLEDGE

We will lead the industry in protecting vulnerable customers from the adverse effects of power cuts.

We are determined to lead the industry in developing new approaches to supporting vulnerable customers during power cuts. To do this, we must keep a good register of their needs, we must know when they have a power cut and we must be able to provide practical support.

Firstly we will look at how to **improve our priority services register** to make it more accurate and up to date. We consider the best way to tackle this is to develop a single, industry-wide database of the most electricity-reliant customers that covers both suppliers and distributors. So **we will work with Ofgem to lead the industry** towards this goal.

Secondly, we will investigate ways in which we can ensure we know as soon as possible if a vulnerable customer experiences a power cut. Smart meters are currently being trialled across the UK. These can provide real-time information about a customer's electricity consumption including, critically, whether the customer's electricity

supply fails. Where Smart meters are in place we will ensure that our network management system is capable of receiving this information so that we can act on it. If Smart meters are not in place we will encourage electricity suppliers to fit one or use other methods to identify power cuts. If our best endeavours prove insufficient we will provide emergency back-up.

Finally, we will put together a **package of assistance** in case of power failure. This will take different forms to address the specific needs of customers. This will include uninterruptible power supply (UPS) devices to provide emergency light and power for medical equipment, as well as increased practical assistance through doorstep help, such as hot meals, drinks and advice.

As we cannot guarantee our customers will never experience a power cut, we are determined to do all we can to minimise the impact should it happen.

>> SAFETY



Our day-to-day activities and assets are potentially dangerous to both employees and the general public. Our health and safety aim is to reach Zero Harm within our workforce. This ultimately means ensuring that none of our employees or contractors are harmed while working for us. We believe it is achievable.

At the same time, we have a responsibility to ensure the public remains safe and understands the dangers inherent in electricity production, distribution and use. We continually strive to prevent anyone being hurt by our electricity distribution network and to reduce the number of incidents of carbon monoxide poisoning from faulty gas appliances in homes.

Our safety teams currently work with 100,000 school children every year. They deliver hard-hitting messages that teach children to stay safe around electricity.

We also provide security and peace of mind for our customers by providing boiler maintenance contracts, ensuring their boilers work efficiently and safely.

OUR PLEDGE

We will build on our ambition to achieve Zero Harm in our workforce by extending our health and safety activity to support children, community groups and our customers.

Awareness of the dangers associated with electricity is key. Sadly, every year people are hurt by our electricity infrastructure - often the young. We will therefore double our existing efforts to educate children about the dangers of electricity. We will visit more schools, deliver more interactive safety workshops and improve our online resources. In all, we will reach **one million children by 2012**.

We will build on our successful partnership with Neighbourhood Watch to keep people safe around substations. This will help communities served by our electricity distribution networks to understand and report any dangerous activity around our electrical equipment.

We also commit to provide a carbon monoxide (CO) detector free of charge to **30,000 of our most vulnerable gas customers** and to offer the detectors at cost price to all of our customers. These reliable, electronic devices provide an emergency alarm in the event of a CO leak, which is potentially deadly but is invisible and has no smell.

SCHOOL SAFETY TEAM

We are taking positive action to reduce harm to the public from our operations. By investing time, energy and resources, we are making people aware of the potential risks posed by our network distribution sites and other equipment.

Our education advisors work with schools and community partners, sharing important messages about safety, sustainability and energy efficiency with over 100,000 children a year. They often work hand-in-hand with our public safety team, which provides useful information and practical safety demonstrations across the UK.

STAYIN' ALIVE

We will measure our success by the number of children we will reach through our safety programme and the number of CO detectors we provide.

at least **1,000,000** young people reached by 2012

at least **30,000** CO detectors provided by 2012

>> OUR SUPPLY CHAIN



“Sustainable development is about simultaneously promoting social, environmental and economic outcomes. We are therefore very pleased to see EDF Energy turning its attention to the social issues, which sometimes get neglected. We welcome the targets to tackle fuel poverty, the commitments to build a more ethical supply chain and the promise to educate customers on sustainability. Further context and detail on these targets, and the changes they will create, would be welcome. Moving forward, we would like to see EDF Energy look at how it can best deploy its resources to tackle the root causes of some of these challenges.”

Peter Madden
Chief Executive, Forum for the Future*

EDF Energy’s impact upon society extends far beyond its own direct activities. Every year, we spend hundreds of millions of pounds on products and services – from pencils to coal, from hard hats to software. Our supply chain gives us significant responsibilities and enormous opportunities. We want to ensure that our supply chain is ‘ethical’. By this, we mean we want our suppliers and contractors to work towards the same high levels of human rights, labour standards and environmental management that we aspire to.

As part of EDF Group, we are a signatory to the UN Global Compact. The Compact aims to create a more sustainable and inclusive global marketplace. As signatories, we are committed to promoting responsible business practice within our sphere of influence.

We will measure our success by the number of our suppliers complying with or making satisfactory progress towards meeting the UN Global Compact.

100% compliance by 2012

OUR PLEDGE

EDF Group is a signatory of the UN Global Compact. We will work with all our suppliers to ensure they meet the ten principles of the Global Compact to guarantee an ethical supply chain.

We will build on our Ethical Procurement Policy and the work we have done in the area of fuel procurement by developing an assessment framework against the Ten Principles of the UN Global Compact. This will apply to all suppliers qualifying to do business with us.

We will first identify those suppliers we consider to be high risk: due either to the products they sell us or to where those products are manufactured.

We will review those high-risk suppliers and contractors and determine whether or not they meet the standards laid down in the UN Global Compact. The results of this review will provide a baseline that we can work from.

Once we have identified those suppliers that do not currently meet the standards, we will investigate how best to work with them. Unless we discover areas of extremely poor performance we will continue to work with our suppliers. We will, however, help them reach the level needed to comply with all ten principles of the Compact. We will also put in place contracts that mitigate the social risks associated with their activities. This means communicating our commitment to our supply chain and developing individual supplier action plans.

By 2012, we will ensure that all of our suppliers comply with the UN Global Compact principles or are making satisfactory progress towards 100% compliance.



>> THE COMMUNITIES WE SERVE

As a company working towards a sustainable future, EDF Energy has a heritage of strong relationships with the communities we serve. We recognise there is more we can do and believe we have particular expertise in sustainability, climate change and the efficient use of energy – issues of global importance. Looking to the future, we want to increase understanding of these subjects among young people across the country.

We will measure our success by the number of young people in the UK we have engaged with.

2,500,000 young people reached by 2012

GREEN ENERGY FUND

EDF Energy’s Green Energy Fund is used to invest in the installation of renewable generation equipment for community-based and educational projects. Green Tariff customers pay a small premium on top of standard rates. This amount is matched by EDF Energy and placed into the Green Energy Fund. The fund is used to support community based renewable energy projects across the country. The Green Energy Fund committee meets twice a year to consider applications for awards and, to date, it has made awards in excess of £2.7 million to community-based renewable energy projects.

OUR PLEDGE

By 2012, 2.5 million young people in the UK will have participated in our schools programme, learning about the sustainable use of energy.

We will use our sustainability partnership with London 2012 to support the London 2012 education programme for schools, colleges, universities and local authority education providers. This will build on our existing work and greatly extend its reach. Our programme will be very different from others; we want to help make real and practical changes both in our schools and our communities. Young people are keen to learn about the issues surrounding climate change and EDF Energy is uniquely placed to help them.

In partnership with London 2012 we will help schools understand and address their own use of energy, to reduce their climate change impact and reduce their running costs. We want to engage with pupils to do this vital work. We will also support the programme with the EDF Energy Green Fund to deliver renewable technology projects for schools. This will enable schools to develop real examples of sustainable energy with carbon reduction at a local level. As an important part of the holistic approach to education, pupils will identify projects that are right for their schools and develop applications for additional funding as part of classroom projects.

We also want to reduce energy use in the homes of teachers and parents by encouraging them to take similar actions to those taking place within schools. We will align these actions to the steps we are taking in Our Climate Commitments.

“Diversity is a key element to being an inclusive company that captures the value that difference brings.”



© EDF Media Library - Laurent Weyl

OUR PLEDGE

By 2012, we will have attained gold standard from independent experts for our approach to diversity and inclusion. We will also have increased opportunities for our employees to develop and improve a range of skills including basic life skills.

We want to be recognised as an inclusive company that captures the value that difference brings. Diversity, a key element of this, refers to the broad spread of individuals we employ in terms of ethnicity, gender, age, disability, sexual orientation and religious belief.

In order to become a truly inclusive company, reflecting the communities we serve, we must first understand our present diversity. So, we will work with experts to assess our current approach to the issue of diversity. We will then be in a position to develop a comprehensive action plan for improvement, which we will implement fully by 2012. We envisage this will include raising awareness among our existing workforce through training programmes that improve the understanding of diversity as well as looking at new ways of attracting employees to ensure we maximise our recruitment pool.

Our goal will be that by 2012, we will have achieved the gold standard awarded by key independent external

advisory bodies (including Opportunity Now, Race for Opportunity and Employers Forum for Disability) in the field of diversity and inclusion.

At the same time, we will continue our commitment to employee development by promoting the ‘Learning for All’ opportunities available for our staff. This scheme offers funding for employees to expand their knowledge in a wide range of vocational or non-vocational courses. Currently only 4% of employees use the funding every year. By 2012, we will increase this level to 10%.

These efforts are in addition to EDF Energy’s active participation in the Skills Pledge, a voluntary commitment to support our employees in developing their basic skills, including literacy and numeracy, by providing opportunities to work towards relevant and valuable qualifications at NVQ Level 2 and above.

>>OUR EMPLOYEES

Our people are central to our sustainability ambitions. EDF Energy employs around 13,000 people. We currently face a key challenge in recruiting and retaining skilled employees able to meet the needs of the communities we serve. Without a skilful, engaged workforce, our business is not sustainable.

We want to promote a wide range of training and development opportunities across EDF Energy including core, transferable life skills such as basic literacy, numeracy and IT.

Additionally, we currently have limited understanding of the diversity of our employee base and may, consequently, be unable to maximise the benefits that a diverse workforce can bring.

We will measure our success by the standard of our approach to diversity and inclusion, and the number of employees studying through Learning For All.

Gold standard for our approach to diversity and inclusion by 2012

10% employees studying through Learning For All every year

LEARNING FOR ALL

As part of our ‘great place to work’ philosophy, EDF Energy has a policy of Learning for All to encourage personal development. All employees are eligible for up to £150 per year to study non-vocational or vocational subjects in their own time. This covers tuition or fees for a variety of courses, provided they comply with HM Revenue & Customs guidelines. While the course does not have to be work-related, the programme must have a recognisable learning and educational content, and must be offered by a recognised educational establishment (school, college, training provider etc). It can be either vocational or non-vocational in its nature, but must not be purely leisure-based.

POWER ACADEMY

The energy business faces the threat of a potential ‘skills gap’, with qualified and experienced engineers reaching retirement age and fewer young people studying relevant technical subjects. To address this problem, we’re supporting university students on engineering degree courses through the Power Academy – an initiative backed by 17 UK companies and six universities and run by the Institution of Engineering and Technology to ensure a steady stream of talent for the future. We support students in a tangible way, offering scholarships, help with fees, cash for living expenses, paid holiday placements and long-term career prospects.

STAKEHOLDER ADVISORY PANEL STATEMENT

In 2007 we welcomed the creation of Our Climate Commitments, EDF Energy's pledge sizeably to reduce its climate change impact. As chair of the company's Stakeholder Advisory Panel I then summarised our views on the commitments and set out further challenges. We said that we considered the commitments to be going "beyond what any other company in its sector has so far committed to do". We still believe this to be true.

We also said that in the future we would encourage a second series of commitments on social responsibility that demonstrate how EDF Energy intends to respond to the key challenges facing the industry in the social dimension of sustainability.

EDF Energy has again asked us to provide our thoughts on its social commitments, specifically asking us to confirm whether or not the issues identified are the most important for the company and whether the company's response is sufficiently bold.

Many people equate the concept of sustainability only with environmental issues. We consider this to be too limited. For a business to be sustainable it must work within environmental limits, provide genuine social benefit and be profitable. Sustainability requires a balance to be struck between all three. We therefore welcome Our Social Commitments which detail how EDF Energy will live up to its societal responsibilities and provide greater social benefit.

The issues described in Our Social Commitments are diverse. Of many potential areas for attention six have been chosen. Other issues might have been included but we consider these six to be obvious priorities. In particular two issues stand out for us: safety and care for customers.

Electricity, we know, is potentially dangerous. If EDF Energy is to thrive in the future it must have skilled employees who do their jobs safely. It must also ensure that its operations are safe for the wider world. We believe that the company's commitments will go a long way to achieving this.

Over the last few years energy customers in the UK have borne the brunt of fluctuating prices in the wholesale energy markets. When wholesale energy prices go up (they've doubled in the last year) so necessarily does the price that you and I pay for electricity and gas. For many customers these price changes can have a very big impact, making it increasingly difficult to adequately heat their home. EDF Energy has committed to tackle this concern in what we consider to be a thorough and practical way. It is a commercial enterprise operating in a competitive market so that it prices as keenly as possible, but in addition, recognising the unique place of energy, it provides valuable long-term support for its most vulnerable customers, so mitigating the impact of fluctuating market prices on those least able to pay.

We consider Our Social Commitments to be a thorough assessment of the priority social responsibilities for EDF Energy and how the company can respond. They also put the final touches to the company's vision of sustainability, one that tackles the biggest environmental and social challenges facing the industry.

Will Hutton

Chief Executive of The Work Foundation and Chair of EDF Energy's Stakeholder Advisory Panel

Please refer to our website for more information about governance: www.edfenergy.com/oursocialcommitments

*Forum for the Future, the sustainable development charity, works in partnership with over 120 leading businesses and organisations to bring about change. These comments should not be read as verification of data or information contained within these commitments.

EDF Energy makes a direct financial contribution to Forum for the Future of less than 1% of Forum's turnover. The partnership is currently in its fifth year.

www.forumforthefuture.org.uk

