



**EDF**  
Electricité  
de France

# The *tempo* TARIFF

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## OVERVIEW

1- WHY *tempo* ?

2- WHAT is *tempo* ?

3- THE FOUR STEPS OF THE *tempo* STORY

3-1 experimentation (1989-1992)

3-2 launch (1993-1995)

3-3 generalisation (after 1995)

3-4 evolution of the context

4- CONCLUSION

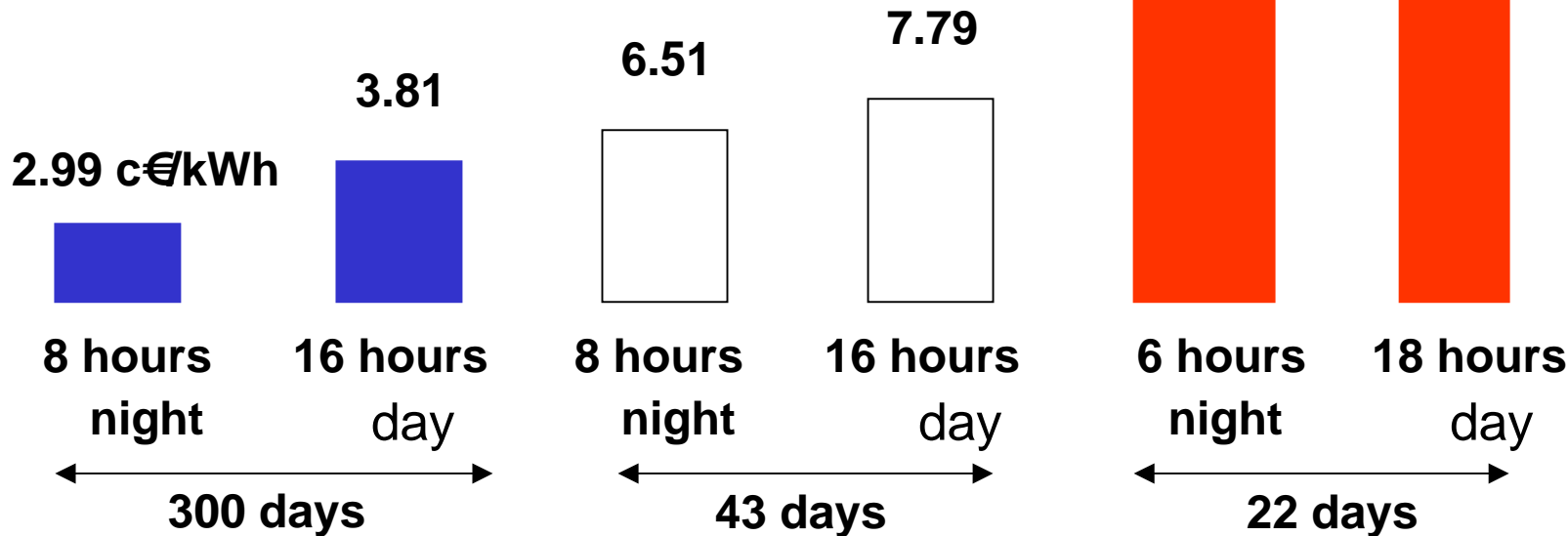
## 1- WHY *tempo* ?

- Since the 1960's, little by little, EDF has been moving towards real time tariff linked to the marginal costs.
- As a consequence, its customers have been incited to reduce their consumption when the generation costs are high.
- *tempo* is the most sophisticated tariff for mass market customers in the present French monopoly context.
- It allows to smooth both annual and daily load curves

## 2- WHAT IS *tempo* ?

Annual subscription in €/year

9kVA:	138.84
12-15-18 kVA:	190.08
24-30 kVA:	349.68
36 kVA:	469.92



### 3- THE FOUR STEPS OF THE *tempo* STORY

#### STEP 1: EXPERIMENTATION (1989-1992)

##### The objectives

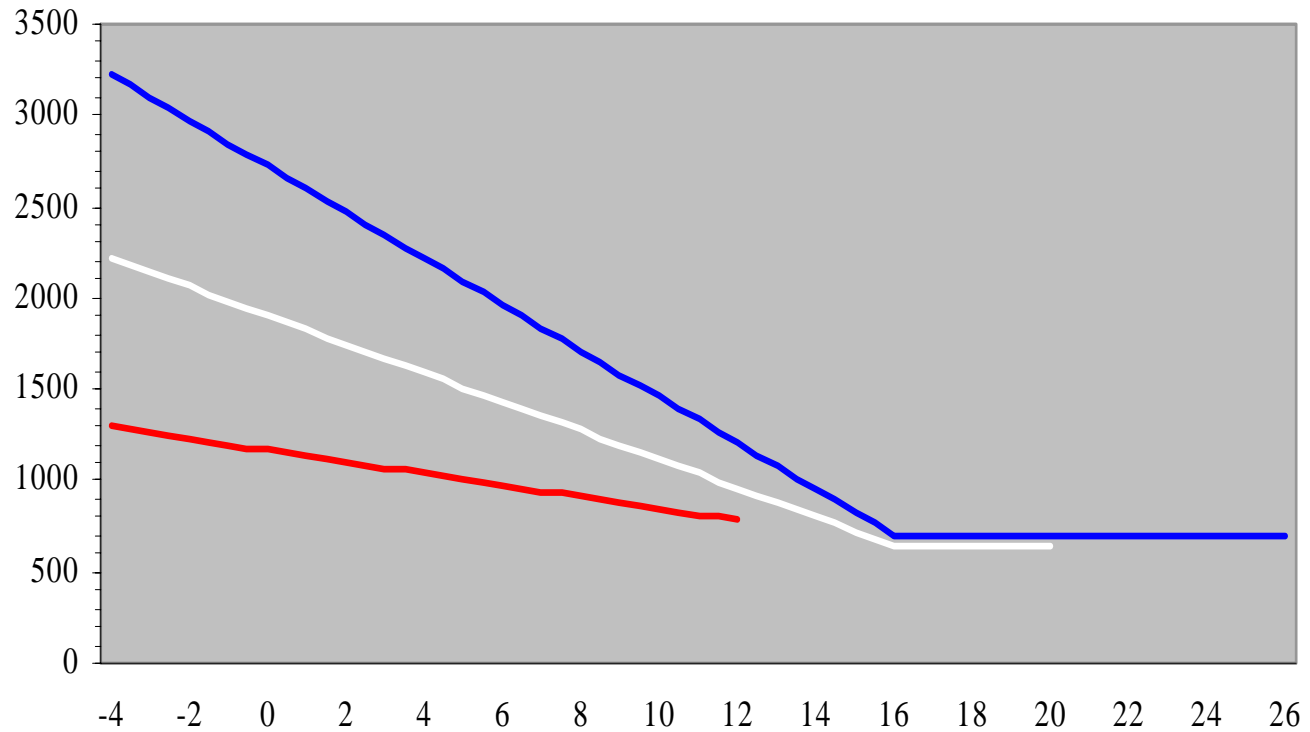
- to evaluate customers' reaction to the price and their satisfaction level,
- to test new technologies (electronic meter, notification device, energy controller, ripple control).

##### Pilot

- 800 customers in 6 French regions,
- with load curve measurement in 70 homes.

## The results of the step 1

- On average the daily consumption has been reduced
  - by 15 % on white days compared to blue days,
  - and by 45% on red days compared to blue days.
  
- Concerning customer satisfaction level:
  - 84% were quite or very satisfied with *tempo*,
  - 59% told us that they had made savings,
  - 53% considered the option as slightly unrestrictive or entirely unrestrictive,
  - 87% have understood the tariff principle very well.

**tempo CUSTOMER POWER DEMAND  
VERSUS OUTDOOR TEMPERATURE****AVERAGE DAILY  
POWER DEMAND W****DAILY TEMPERATURE °C**

## STEP 2: LAUNCH (1993-1995)

### *tempo* is a product with

4 different versions:

- standard *tempo* (only electronic meter),
- dual energy *tempo* (boiler can be switched from one energy to another),
- thermostat *tempo* (able to manage space heating, and water heating according to the electricity price),
- comfort *tempo* (with a sophisticated energy controller).

### Linked with a new range of services:

- Are you a *tempo* customer ?
- Right price Advisory (using the software tool GUITARES),
- Electric heating and domestic hot water diagnostic.



## Conclusion at the end of the step 2

- Customers' point of view
  - Customers are satisfied or very satisfied (90%),
  - Their bill has been reduced by 10%.
  
- EDF's Decision
  - To introduce *tempo* in the EDF tariff list,
  - To keep on studying *tempo* customers:  
for example : satisfaction barometer  
(2 telephone surveys, the first 3 months after the  
installation of *tempo*, the second, one year later).

## STEP 3: GENERALISATION (after 1995)

- Tempo has been offered to all mass market EDF customers.
- Gradually 300,000 residential customers and More than 100,000 small business customers have chosen *tempo*.
- The feedback:
  - Tempo is chosen in order to reduce electricity bills,
  - Globally the customers are happy with this tariff,
  - The main negative point is the fact of having consecutive red days.

## STEP 4: EVOLUTION OF THE CONTEXT

Because of,

- technological progress, the range of the generation costs has been reduced,
- opening of the market (July 2004 for small business and 2007 ? for residential customers):
  - market prices are more volatile,
  - the network prices and supply prices must be separated.

*And tempo* might become less suited to this new situation and maybe less attractive for customers.

## 4- To sum up

- *tempo* has been successful in the monopolistic situation.
- In an open market, if EDF needs to manage its global load curve, it will probably have to define other types of dynamic prices for mass market customers.
- Until now nothing has been announced.
- Nevertheless the *tempo* feedback will be very useful for the definition of new contracts including supply and services.