

John Bradley
UNC Panel Secretary
31 Homer Road
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12 September 2008

Dear John

EDF Energy Response to UNC Modification Proposal 0199: “Clarification around the application of the UNC Dispute Resolution Process”.

EDF Energy welcomes the opportunity to respond to this consultation; we support the implementation of this proposal.

This proposal seeks to provide clarity around the application of the UNC Dispute Resolution Process contained in GTC Section A. It is EDF Energy’s belief that the current wording of section A is sufficiently clear to ensure that this dispute resolution can be applied to any dispute arising under the UNC and is not limited to disputes in relation to TPD Section S. However we are aware that there is some uncertainty around this within the industry, potentially creating further disputes as to the application of GTC Section A. We therefore believe that this clarification should help to avoid these issues arising and confirm that TPD Section A can be applied to any dispute under the UNC.

EDF Energy would also note that if there was a uniform view across the industry on the application of the UNC dispute resolution process, then we would have expected that any uncertainty could have been resolved through a consent to modify. However as this change has required a UNC modification, then it would appear that there are differing views within the industry on the application of this section of the code, and so implementation would help to resolve this. We would also note that further clarity to this section of the code may help to avoid disputes regarding its application and so avoid the costs associated with such disputes. This should help to reduce costs, which in general is believed to be beneficial to competition.

In relation to the specific points raised in the Draft Modification Report, EDF Energy would make the following comments:

2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between Shippers.

If there is disagreement between parties regarding the application of the UNC Dispute Resolution Process, then this could lead to an additional dispute that could only be resolved through the courts. Any court action has a cost, sometimes significant, associated with this. Clarifying the dispute resolution process could avoid these costs. It is widely recognised that reduced costs is beneficial to competition, and so, tentatively, it would appear that this proposal if implemented would benefit competition.

Standard Special Condition A11.1 (f): so far as is consistent with sub paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.

EDF Energy concurs with the proposer that this proposal would help in the administration of the UNC by providing clarity and so avoiding additional disputes regarding the application of this process. We are aware that there are differing views across the industry regarding the application of the dispute process and so this should resolve these issues.

5. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the code as modified by the modification proposal.

The impact of this proposal on each Transporter will depend on whether the Transporter believes that the Section A Dispute Resolution Process is limited to disputes arising in relation to invoices raised under Section S. If the Transporter believes that the Dispute Resolution Process is applicable to any dispute arising under any section of the code, then this proposal will have no impact on the level of their contractual risk. However EDF Energy is aware that there are also Transporters who believe that the Dispute Resolution process is limited to disputes arising in relation to Section S invoices. For these Transporters this proposal should reduce their contractual risk, as they will no longer be exposed to the risk of court action arising from a disagreement over the application of this process.

7. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk.

Currently Shippers are exposed to the risk that a Transporter will have a different interpretation of the Section A Dispute Resolution Process, exposing them to the risk that they are unable to resolve their dispute other than through court action which is costly. Clarifying the application of this process will remove this risk and so reduce Shippers' contractual risk.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal
Advantages

- Clarifies the application of Section A Dispute Resolution Process.
- Reduces the risk of court action to resolve a dispute due to disagreement on the application of this process.
- Tentatively increases competition between Shippers by removing costs arising due to disagreement on the application of this process.

I hope you find these comments useful, however please contact my colleague Stefan Leedham (Stefan.leedham@edfenergy.com, 0203 126 2312) if you wish to discuss this response further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Seb Eyre".

Dr. Sebastian Eyre
Energy Regulation, Energy Branch