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Bob Fletcher
UNC Panel Secretary
31 Homer Road
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Dear Bob

EDF Trading response to UNC Modification Proposal 0284: "Removal of the Zero Auction Reserve Price for Within-day NTS Entry Capacity (WDDSEC)

EDF Trading (EDFT) welcomes the opportunity to respond to this UNC Modification Proposal.

We strongly oppose implementation of UNC Modification Proposal 0284 for the following reasons:

- There is a significant risk the proposal will lead to an inappropriate balance between long term and short term capacity products which will have a disproportionate impact on different groups of shippers. No analysis has been undertaken to fully understand the differential impacts.
- UNC Modification proposals 0284 and 0285 together will reduce the flexibility shippers have to efficiently manage their portfolios. This will negatively impact the effective operation of the wholesale traded and prevent shippers reacting efficiently to short term market factors including weather, gas supply interruptions and unplanned outages to transmission network/storage/interconnector/LNG capacity. This could impact on security of supply and will reduce market liquidity.
- It is also likely to lead to wider bid-offer spreads and higher prices to customers. The UK gas market is currently the most liquid in the EU and we should not be pursuing measures that will severely restrict its development.
- ERGEG is currently developing framework guidelines for gas capacity allocation under the 3rd EU Energy package. This will form the basis for a new EU binding network code. This will define the standardised capacity products that should be made available by all TSOs. It is unwise therefore to pursue this modification without knowing more about what the EU process will deliver as there is a significant risk it will need to be reversed or altered significantly.

In summary, the proposed UNC modification should not be pursued given the negative impact it will have on the wholesale traded market; the lack of analysis that has been undertaken to better understand the impact on different shippers; and the need to not prejudge the EU regulatory process which is governed by the new EU Energy Package.

If you have any questions regarding this response please do not hesitate to contact me.

Kind regards



Cemil Altin
Head of Regulation