

Bob Fletcher
UNC Panel Secretary
31 Homer Road
Solihull
West Midlands
B91 3LT

07 May 2010

Dear Bob

EDF Energy response to UNC Modification Proposal 0288: "Facilitating the reduction of Enduring Annual NTS Exit (Flat) Capacity by a value less than 100,000 kWh".

EDF Energy welcomes the opportunity to respond to this UNC Modification Proposal. We support implementation of Modification Proposal 0288.

This is a straight forward modification proposal to allow Users to reduce their NTS Exit Capacity by less than 100,000 kWh. This is required as when initialising enduring exit capacity some Shippers were allocated less than 100,000 kWh, which under the current rules that are no longer able to withdraw from. Failure to implement this proposal would result in Shippers being required to hold and pay for this capacity to infinity and beyond. This could potentially result in the inefficient and uneconomic development of the system as NGG NTS would be required to honour capacity bookings that are not required and utilised. We therefore believe that this proposal is a pragmatic solution to address this situation and ensure that an enduring solution is implemented into the UNC.

We are not convinced that the proposed User Pays funding arrangements are appropriate. However given that this is expected to be a zero cost change, we do not believe that this is material to the proposal. Were this to change, and significant costs incurred then we would expect Ofgem to scrutinise why these costs were incurred and whether they were efficient and economic.

In relation to the Modification Proposal EDF Energy would make the following specific comments:

2. User Pays

EDF Energy recognises that currently there are two definitions of a User Pays Modification Proposal. This proposal meets the definition of User Pays currently adopted by NGG. We believe that it would be beneficial were clarity to be provided by Ofgem on what they believe is, and is not a User Pays Modification Proposal.

EDF Energy is not convinced that the targeting of costs to Shippers based on their capacity holdings is appropriate. The concept of User Pays was to target costs at those who were choosing to utilise

this service. This would suggest that costs should be targeted at Shippers who hold less than 100,000 kWh who wish to utilise this service. However given that this is looking to recover zero costs this is a secondary issue.

As previously noted we would have significant concerns were the costs of implementation of this proposal to be significant requiring the application of a User Pays charge to Shippers. In this instance we believe that the costs should be subject to significant scrutiny from Ofgem who should also take a view as to whether they were economically and efficiently incurred.

3. 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: (i) between relevant Shippers; ...

EDF Energy does not believe that this proposal will have any significant impact on this relevant objective. Whilst implementation may improve the targeting of costs, the capacity impacted by this proposal is sufficiently small so as to have a limited, if any implications for competition.

I hope you find these comments useful, however please contact my colleague Stefan Leedham (Stefan.leedham@edfenergy.com, 020 3126 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