

Bob Fletcher
UNC Secretary
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

07 December 2010

Dear Bob

EDF Energy Response to UNC Modification Proposal 0346 - The Introduction of a Balancing Neutrality Adjustment Charge for Cost Recovery Associated with Rating Services

EDF Energy welcomes the opportunity to respond to this consultation. We support implementation of this modification proposal.

We believe it is appropriate that NG utilise rating agencies services in determining a User's energy balancing credit worthiness, as supported by the Energy Balancing Credit Committee. This will allow closer more up to date scrutiny of Shippers' credit worthiness and so reduce the exposure faced by the industry from a defaulting User.

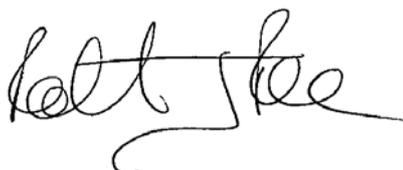
However, we are disappointed that it has taken NG over a year to raise this proposal when Xoserve signed up to the subscription services in March 2009 following agreement with the EBCC. By raising a proposal so late after the expenditure has been spent it has created more confusion and complexity than necessary. Whilst the sums of monies are small at circa £40k over 2 years, it has raised the issue of which accounting year the monies will be collected in, as 2009/10 expenditure will now be recovered from Shippers in 2010/11 instead of being prorated across the two years, potentially distorting competition.

Finally, we question whether there is a decrease in Xoserve's operating costs in relation to having this extra credit rating analytical services to help them gauge a User's credit worthiness. If this is the case then we would expect an associated decrease in the User Pays costs associated with this proposal.

We would welcome NG's views on these two issues raised.

I hope you find these comments useful, however please contact my colleague John Costa (john.costa@edfenergy.com, 020 3126 2324) if you wish to discuss this response further.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Rome".

Rob Rome
Head of Transmission and Trading Arrangements
Corporate Policy and Regulation