

John Bradley
UNC Panel Secretary
31 Homer Road
Solihull
West Midlands
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12 January 2010

Dear John

EDF Energy Response to UNC Modification Proposal 0268: “Changes to the Provisions Determining the Earliest Reading Date Applicable within the AQ Review”.

EDF Energy welcomes the opportunity to respond to this UNC Modification Proposal. We support implementation of modification proposal 0268.

EDF Energy believes that implementation of this proposal will ensure that no AQ is calculated where the “starting” meter reading is older than 4 years old following a Seasonal Normal (SN) Review. We believe that this will ensure that more accurate AQs are registered and will also reduce the workload that xoserve is having to undertake in updating the WALPs and DAFs following a SN Review. In addition we believe that implementation of this proposal will provide an incentive on Shippers to procure more up to date meter readings to ensure that the AQ is amended during the annual AQ Review.

However we are disappointed with the timeframe that has been adopted for implementation of this proposal. In particular we would note that in 2005 when the current backstop date was implemented through UNC Modification Proposal 0018 xoserve were aware that this issue would need to be revisited at the time of the next SN Review. Given the time that has passed since this proposal we would have hoped that xoserve and the Transporters would not have waited until 4 months prior to requiring implementation to have raised this issue. This causes issue for Shippers and their systems.

EDF Energy is active in the annual AQ Review, and our systems have been designed and developed to support this. In order to ensure that as accurate an AQ as possible is registered to each site, our systems replicate xoserve’s systems to calculate an AQ prior to the initial notification of AQs. This allows us to identify which sites we believe to have an inaccurate AQ proposed by xoserve and resolve these issues. Therefore any amendment to xoserve’s systems requires us to replicate this amendment within our systems. Having reviewed internally EDF Energy requires 6 months notification of implementation of this reform in order to amend our IT systems. Failure to allow sufficient time for Shippers to replicate this change in their system will result in Shippers having to undertake significant manual work and analysis to identify why some proposed AQs are significantly different to those that were expected.

Finally EDF Energy would note the speed and efficiency xoserve have demonstrated in being able to identify the system changes required to support this proposal and being in a position

to implement the change with minimum notice period and knowledge of the issue. Given the time it normally takes for xoserve to be in a position to implement a change such as this we believe it would be beneficial were xoserve to share with the industry how they managed to go from identifying the issue to being in a position to implement in only 4 months as this may help to aid Shipper's work in this area. We also look forward to, and hope xoserve will manage changes raised by Shippers in such a quick and efficient manner. Whilst we are aware xoserve are prepared to work with Shippers on issues, normally it takes more than 4 months for xoserve to be ready to undertake a ROM, let alone full implementation of a proposal. We would therefore hope that this new efficient process is extended to all UNC parties.

In addition to the particular points raised in the UNC Modification Proposal EDF Energy would make the following observations:

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

As previously noted EDF Energy requires a 6 month lead time for implementation of this proposal. This will allow us to replicate the system changes that xoserve are undertaking. EDF Energy therefore believes that Shippers will experience a development and capital cost increase as a result of implementation of this modification proposal.

Failure to provide 6 month notice period will also result in an increase in our administrative and operational costs for the next AQ Review. If our systems do not replicate xoserve's then we will be producing different AQs to those expected from xoserve. This will require manual intervention and validation for these AQs prior to submission to xoserve.

We would also note that if our systems are not updated there is a risk that our systems will submit invalid reads to the AQ Spec Calc service provided by xoserve. These will be charged for under User Pays arrangements but will not calculate as one read may be invalid. Implementation of this proposal without sufficient notice will result in increase development, operational, administrative and User Pays charges for Shippers.

11. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Disadvantages

- Requires subsequent changes in Shipper system and processes, which requires sufficient lead time.
- Creates an expectation of fast and efficient system changes for Shippers which may not be met.
- Insufficient notice period provided.

15. Programme of works required as a consequence of implementing the Modification Proposal

As previously identified EDF Energy will have to undertake system development and testing to support the implementation of this proposal. This will take 6 months. We would also expect other Shippers to have to undertake similar work, although we are not in a position to comment on this.

We would also note that the proposal has identified that UK Link changes will be required to support this, and so we are surprised that this not been identified.

16. Proposed implementation timetable (including timetable for any necessary information system changes and detailing any potentially retrospective impacts)

EDF Energy believes that a 6 month notice period for implementation is required to support this proposal. This will ensure that systems have been developed and avoid manual workarounds and queries for both Shippers and xoserve.

I hope you find these comments useful, however please contact my colleague Stefan Leedham (Stefan.leedham@edfenergy.com, 020 3126 2312) should you wish to discuss these in further detail.

Yours sincerely

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

Dr. Sebastian Eyre
Energy Regulation, Energy Branch