



Julian Majdanski
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Dear Julian

EDF Energy Response to UNC Modification 0121 “The Provision of Ex-Post Demand Information for all NTS Offtakes”.

EDF Energy welcomes the opportunity to respond to this consultation and as the Proposer offer our full support to its implementation. This proposal will address some of the issues associated with asymmetrical information provision and granularity of information available for different sectors of the UK gas market. This demand-side information would also be beneficial to both security of supply and the economic and efficient operation of the pipeline system. We would further note that this proposal will more closely align the information provision in gas with that available in electricity, where real time demand information is available by BMU Unit on Elexon’s public website.

As the Proposer we have consulted extensively with demand-side parties prior to and after raising the proposal on both an individual and group basis. This has included:

- 6th October 2006 – e-mail to CIA, MEUC, EIUG and AEP seeking views and comments on the mod prior to submission.
- 16th October 2006 – e-mail to CIA, MEUC and EIUG raising awareness of the mod and inviting views.
- 19th October 2006 – discussed at Modification Panel
- 2nd November 2006 – discussed at Transmission Workstream
- 2nd November 2006 – e-mail to CIA, EIUG, MEUC, AEP, Ineos Chlor and Terra Nitrogen inviting views and comments on the proposal
- 7th November 2006 – e-mail from Gas Governance to their e-mail list inviting views to EDF Energy
- 21st November 2006 - presentation and discussion at Ofgem’s Demand Side Working Group (DSWG)
- 27th November 2006 – presentation and discussion at the Gas Customer Forum
- 7th December 2006 – discussed at Transmission Workstream

To date, responses have been received from AEP (who were generally supportive of the proposal), and EON (who were concerned that Kingsnorth was listed in the list of offtakes, even though it had no gas supply. This was resolved as the offtake referred to Damhead Creek, which was originally going to be called Kingsnorth B). Despite explicit requests for information no comments, or issues have been received regarding any negative impacts that this proposal may have with regards to commercially sensitive information. In light of this we continue to believe that the publication of this information after the Gas Day will overcome

any issues regarding commercially sensitive data. We would further note that the majority of this information is already available through either public websites (such as BM Reports which lists electrical supply and demand for all BM Units in real time) or through restricted access websites (such as the Gemini Meter List which is only available to Shippers). In fact the only new information that this proposal will release relates to the gas demand for industrial loads connected to the NTS, which currently is only available to the registered User for these sites. However this proposal will also address one of the issues relating to access to information as it will make publicly available information which was historically restricted to certain classes of Users.

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

- a. The efficient and economic operation of the pipeline system to which the licence relates.** As stated in the proposal we believe that the publication of this information will enable the more accurate forecasting of demand whilst providing Shippers with a better view of demand-side response levels by having a view of what level of demand reduction occurred. Combined, these two facts would enable Shippers to better predict supply/demand levels and balance their portfolios accordingly thereby reducing the balancing actions required of National Grid Gas (NGG) and improving the economic and efficient operation of the pipeline system.
- c. So far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligation under this licence.** Increasing the granularity of demand side information will allow market participants to develop a view as to the volume of demand side response that has been offered to the market historically, the amount that is required to ensure that the system is balanced and take actions to make this volume available to the market. This would encourage security of supply, both in the short term as the demand side responds to short term price signals, and in the long term as Shippers and Suppliers contract for required volumes of demand side response.
- d. So far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and /or (iii) between DN operators and relevant shippers.** If increased information granularity encouraged Shippers and Suppliers to enter into longer term demand side response contracts, then it would appear that this would be beneficial to competition and so facilitate the achievement of this relevant objective. We would also note that provision of this information may remove a barrier to entry to potential new entrants and so also encourage competition within this market.

The implications of implementing the modification on security of supply, operation of the Total System and industry fragmentation.

The provision of this information would enable Users to more accurately forecast demand and take the appropriate actions to ensure that their portfolio and so the system as a whole was balanced. This should reduce the requirement for residual balancing actions of NGG and so benefit the security of supply position of the UK. This information would particularly reduce the likelihood of an emergency or help during a GBA as it would provide Shippers with a view of the level of demand-side response available during these times leading to efficient pricing of gas during these periods.

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.

Following the discussions surrounding energywatch's modification proposal and its consequential implementation, we do not believe that there are any issues with data ownership. We would note that under the UNC any information submitted via the UK Link system is the property of NGG, and that all Daily Metered (DM) meters are required to submit

data in a format that is acceptable to UK Link. We would further note that the vast majority of this information is already available via the UK Link system and so is the property of NGG.

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

In addition to those advantages identified in the draft modification report, EDF Energy has identified the following advantages:

- By increasing the information granularity of the demand side, it is likely that a barrier to entry is removed from this market and so may encourage new entrants and therefore be beneficial to competition between Shippers and between Suppliers. Further increased competition between Shippers and Suppliers should be experienced in contracting for demand side response from NTS connected sites.

I hope you find these comments useful, and please contact me should you wish to discuss these comments further.

Yours sincerely

A handwritten signature in black ink that reads "Stefan Leedham".

Stefan Leedham
Gas Market Analyst
Energy Regulation, Energy Branch.