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Dear Julian

EDF Energy Response to UNC Modification 0130 “The Provision of Ex-Post Demand Information for NTS Offtakes.”

EDF Energy welcomes the opportunity to respond to this consultation and offer qualified support to the implementation of this proposal in relation to the current market arrangements. For clarity we recognise that the intention of the Proposer of modification 130 was to raise it as an alternate to modification proposal 121, but failed to submit the proposal in line with the timetable set down in the UNC. As such this modification has been raised as a stand alone proposal, and not as an alternate, and we do not believe that it should be considered as an alternate. We are therefore offering qualified support to this proposal in relation to the current market arrangements, and not on the basis of whether or not another modification proposal is implemented.

We believe that this modification proposal will marginally improve on the current market conditions, and facilitate the achievement of the relevant objectives to a degree. However we do not believe that this modification goes far enough, and request clarity on some of the points raised in the modification. In general our comments are:

- The Proposal requires the publication of “Aggregated Ex-post LDZ Offtake flows”. However some of this information is already published on National Grid’s public website in the SISRO4 report. It is not clear from the proposal whether the intention is to replace this report, or to create an additional report to this. It should be noted that the SISRO4 report is currently published at D+1 12.15pm, suggesting that this modification would create a duplicate report published at D+1 11.00, however this is not clear.
- The proposal states that: “the majority of this information is already published through the Gemini meter list, although the NTS Supply Point information is only available to the Registered Users at present. This Modification Proposal will therefore make this information available to the whole market.” On the Gemini meter list the information for storage site offtake flows, and LDZ offtake flows is presented on a disaggregated basis. It would therefore appear that this Proposal will not make the information on the Gemini Meter List available to the whole market but this is not clear.
- In relation to the above point, EDF Energy would note that the proposal could be considered discriminatory, as one class of Users (Shippers) would have access to information that was unavailable to another class (DNO Users). We would further note that Shippers would have access to information that was not available to the rest of the market, which again could be viewed as discriminatory and would not resolve the asymmetrical access to information that is currently present in the gas market; indeed this proposal would actually widen the asymmetry

- The Proposal states that: “By publishing physical demand data for all individual NTS Exit Points which are I&C consumers and not publishing physical demand data for similar I&C consumers who are DN connected, Modification Proposal 0121 is unduly discriminating, whereas this Modification Proposal is not.” In relation to the above point, E.ON asserts that consumers believe they are adversely impacted by the current market arrangement that requires market information to be supplied on an aggregated basis, despite their previous keen support for increased information transparency. Attached as an appendix to this report are some comments from customers in relation to information transparency that suggests they are keen supporters of it. (Please see Appendix 1). We further note that no opposition to modification 121 was received from any consumer that was not also a gas Shipper. If dis-aggregation was such an issue for these consumers, then one would have expected responses from these customers to reflect this.
- EDF Energy is also concerned at the shortened consultation process that this proposal has undergone without much industry consultation. We note that in raising modification 121 EDF Energy undertook a significant amount of work to ensure consumers were aware of the proposal and had the opportunity to influence its development and comment on it. To date this proposal 130 has only been discussed at a Transmission Workstream where no consumers were present, and EDF Energy does not believe that consumers are aware of the proposal. Given that these consumers do not generally have as much resource to devote to energy matters as most gas Shippers we believe it would have been more appropriate to have provided a normal consultation period, in order to allow gas consumers the ability to consider this proposal fully.

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

In general EDF Energy agrees with the Proposer in that implementation of this proposal will facilitate the achievement of both relevant objectives contained in SSC A11.1 (a) & (c) compared to the current base line. However we would note that the Proposer believes that the proposal will facilitate SSC A11.1 (c) as it will not compromise I&C Consumers by the Transporter releasing additional information. EDF Energy is of the opinion that in general National Grid Gas will not release any new information to the market unless it has agreement from all the parties impacted, or unless it is required to under the UNC. We are therefore unsure what “additional information” the Proposer is referring to in this statement.

6. **The high level indication of the areas of the UK Link System likely to be affected, together with the development implications for the UK Link Systems and related computer systems of each Transporter and Users.**

Whilst we agree with the Proposer that it is preferable to have all the demand data published at the same time and the same place, we would note that the suggested legal text does not explicitly state where this information will be published. We would hope that NGG would chose to publish the information in the same place; however we recognise that ultimately this is NGG’s choice. EDF Energy also believes that not all of the information that would feed into this data is always available at 11.00 everyday. It would therefore appear that by forcing publication at 11.00, whilst preferable, would result in only the information that is available being published. There is therefore a risk that this information would provide an inaccurate view of the supply/demand balance that could be detrimental to the market.

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

EDF Energy recognises that aggregated data is easier to understand, but disagrees that it is more reflective of what is happening in the market. We believe that aggregated data

has the risk of hiding significant movements and demand fluctuations within sectors, and so, potentially, misleading the market. We further believe that in relation to information, it is the market that is best placed to use and interpret the data as they feel fit. Currently, one can calculate most of the large NTS offtake flows within day on a 30 minute interval by analysing BMU data reports from Elexon and therefore individual CCGT's offtakes are exposed and could be considered as discriminatory as no other NTS offtake has to produce this data.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party.

EDF Energy agrees with the Proposer that compared to the current market arrangements the proposal will release additional information to the market that will be beneficial to all consumers. However as previously stated this proposal would release information on an aggregated basis that is available on a dis-aggregated basis through the Gemini meter list and this proposal has been raised as a stand alone proposal, so can only be considered against the current market arrangements.

10. Advantages

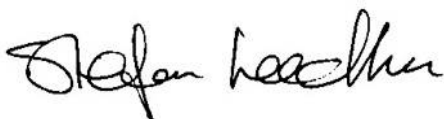
- Increased transparency on the demand side allowing the market to develop a price for gas derived from supply/demand fundamentals, and reduced price volatility.
- Improved security of supply as the market will have a more informed view of the level of demand side response provided to the market than is currently available, and whether any further demand side response is required.
- Reduced balancing actions by National Grid as Shippers would be better able to balance their portfolios.

Disadvantages

- The cost of implementing the required IT solutions. EDF Energy understands that this will probably be at a similar cost to modification proposal 0121, as National Grid has access to the information on a dis-aggregated basis, but requires systems to support the publication of the information.
- Provides aggregated information on the demand side, compared to dis-aggregated information on the supply side and some dis-aggregated information relating to flows to CCGT NTS customers. .
- Could increase the level of asymmetrical access to information with Shippers accessing the majority of the information on a dis-aggregated basis through the Gemini Meter list.
- Not all of the data will be available all the time at D+1 11.00, potentially providing an inaccurate market signal.
- Duplicates the SISR04 report already published by National Grid at D+1 12.15.

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.

Appendix 1

“More transparency in the operation of the upstream UK gas market and the UK-continental interconnector operations should be encouraged. “ E.ON response to modification proposal 0006, 2nd March 2005.

“Corus supports all efforts intended to improve the current asymmetry of gas information available to gas market participants....Our support is based on the belief that markets function more efficiently when information is available to all participants at the same time and that the presumption should be in favour of publication unless proved otherwise.” Corus response to modification proposal 0006.

“In any market, the more information available, particularly up-to-date information, the more competitive it will be. Greater competition should lead to a more efficient market, which should be beneficial to all participants.” Ciba Speciality Chemicals response to modification proposal 0006.

“BOC believes in fair and efficient markets and it seems to be a prerequisite to a fair and efficient gas market that all players are able to have equal access to the same information at the same time.” BOC, 24th February 2004.

“Increased market transparency is absolutely essential to a healthy UK gas market.” Terra Nitrogen, 2nd March 2005.

“We consider that markets are more likely to operate efficiently when there is greater transparency of information.” Association of Electricity Producers, 2nd March 2005.

“John Hall Associates endorses any proposal which will increase transparency in the market.” John Halls Associates, 3rd April 2006.

“Basic economic theory states that a perfect market requires timely, unilateral access to relevant information in order to set prices based on market fundamentals. Whilst it may not be possible to achieve a perfect market, any changes which move closer to this position should be encouraged.” Chemical Industries Association response to UNC Modification proposal 0006.