



Tim Davis
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Dear Tim

EDF Energy Response to UNC Modification Proposal 0181: “Scheduling Charges calculation for Gas Flow Days 22, 23, 24, 25 & 26 October 2007”.

EDF Energy welcomes the opportunity to respond to this urgent modification proposal. We support the implementation of this proposal as a sensible and pragmatic short-term solution.

EDF Energy is aware of the problems that Users and National Grid Gas have had during the period when User access to Gemini systems was unavailable. This resulted in significant difficulties for both parties in ensuring that nominations were correctly inputted into the Gemini system. The affect of these errors will impact on the value of the scheduling charges that would be payable were this proposal not to be implemented. We believe that without the implementation of this proposal Users could be exposed to the risk that scheduling charges turn out significantly higher than they should have been through no fault of their own. Whilst we are aware that there are code provisions for the querying of erroneous invoices we understand that the scale of the problem would result in a significant amount of industry time and cost to resolve these queries which is not in the consumer’s best interest. We therefore believe that implementation of this proposal is the correct action to take in this specific circumstance, and that following from the report into the Gemini access failure, it may be appropriate for the industry to develop enduring solutions to accommodate this issue.

In particular we would note that:

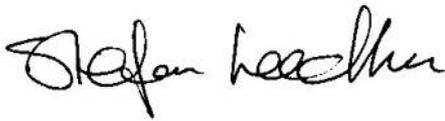
- As Users did not have access to Gemini during this period nominations had to be submitted to National Grid Gas (NGG) via fax. These were then inputted onto the Gemini system. However due to human errors associated with this process not all of the nominations were correctly submitted or inputted into the Gemini system, exposing Users to scheduling charges.
- Although this proposal could be viewed as retrospective, Ofgem appears to have accepted that the principle of retrospective measures is acceptable in certain circumstances. This can be most clearly seen in Ofgem enacting Gas Licence changes in September 2007 that had retrospective effect from April 2007.
- The cost to the industry of resolving these issues through the invoice query process would be significant, and greater than the cost of the scheduling charges being queried.
- These issues have been brought about by a significant failure of the Gemini systems that was not in the control of Shippers.

- Implementation of this proposal would facilitate the securing of effective competition between Shippers (SSC A11.1 (D)) and facilitate the efficient implementation and administration of the code (SSCA11.1 (f)).

Going forward we hope that a robust set of arrangements are in place to ensure that the necessary back-up systems and processes have been tried and tested to minimise the risk of a similar system error occurring with Gemini in future.

I hope you find these comments useful, however please contact me should you wish to discuss these in greater detail.

Yours sincerely

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

Stefan Leedham
Gas Market Analyst
Energy Regulation, Energy Branch