

Julian Majdanski
UNC Panel Secretary
31 Homer Road
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West Midlands
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15 April 2008

Dear Julian

EDF Energy Response to UNC Modification Proposal 0204: “Amendment to the calculation of the WCF.”

EDF Energy welcomes the opportunity to respond to this modification proposal and supports the implementation of this proposal.

EDF Energy is aware that since October 2007 there has been a lot of bias in the Weather Correction Factor (WCF), which is weighted to SND and SNT. EDF Energy believes that there are a lot of problems with these, and would note that the scaling factor “corrects” all the other discrepancies not covered by the WCF. It would appear that there is bias within the calculations so that the SND is too large, which creates a larger scaling factor and so creates issues with allocation. The effect of this proposal is to resolve some of these issues.

In particular we would note that this proposal changes the calculation of the WCF so that the AQ has a larger impact. The AQ will include more general behaviour in the changing demand patterns of consumers and so the WCF should be more accurate. This should result in the more accurate allocation of energy between market sectors and so should be beneficial to competition and also help to ensure that costs are targeted at those who incur them on the system. However EDF Energy believes that this is the first of numerous proposals to ensure the correct allocation of energy. We would note that given the impacts of climate change and increased focus on energy consumption there would be a benefit in reviewing the definitions of SND and SNT. We believe that as the AQ is based on meter reads corrected to SND, this would have a beneficial impact on the allocation of energy. In addition to the comments made in the UNC proposal, EDF Energy would make the following comments:


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

Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs (a) to (b), the efficient discharge of the licensee’s obligations under this licence:

This proposal should ensure that energy is more accurately allocated, and so limit the impact of reconciliation. This will ensure that costs are targeted at those Shippers who incur them from initial allocation, and so should facilitate the GT’s licence requirement to ensure that charges reflect the costs incurred of operating the system.

I hope you find these comments useful, however please contact me if you wish to discuss this response further.

Yours sincerely

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

Stefan Leedham
Gas Market Analyst
Energy Regulation, Energy Branch