



John Bradley
UNC Panel Secretary
31 Homer Road
Solihull
West Midlands
B91 3LT

06 February 2009

Dear John

EDF Energy Response to UNC Modification Proposal 213V: “Introduction of User Pays Governance Arrangements into the UNC”.

EDF Energy welcomes the opportunity to respond to UNC Modification Proposal 213V. We support implementation of 213V.

EDF Energy believes that this proposal will enable the principles of User Pays, as envisaged by Ofgem in the GDPCR, to be incorporated into the Governance arrangements. This modification will allow the interested parties to agree what the service should constitute, and so agree how much it should cost and in turn agree who should bear the cost of the service. In addition we also believe that this proposal could provide a framework for all UNC mods where a cost was imposed on parties, and provide more detailed information to Ofgem on which to base their decision. From a Shipper perspective we believe that this proposal will allow Shippers to identify the costs that they will have to bear, assess this against the perceived benefits and so develop an informed position on the proposal. This will also aid Ofgem’s implementation decision as if the proposal has clearly identified the funding arrangements and has unanimous support for implementation, and then the decision should be more a formality.

At the same time we would note that this proposal represents a significant and fundamental change to the current Governance arrangements for modification proposals. As such some assumptions have had to be made when developing the business rules. We therefore believe that it would be appropriate to keep these rules under constant review to ensure that they are operating as expected when they are first rolled out, and would recommend that a formal review is undertaken by the Governance Workstream within 12 months of implementation. In particular we are aware that the principle behind User Pays was that the impacted parties would agree funding arrangements. Whilst we expect parties to be able to reach an agreement, we expect the debate on this to be enthusiastic, and we have included rules to resolve instances when agreement can not be made. In particular we would note that in the first instance the UNC Panel is able to send the modification back for further development to reach agreement on the funding arrangements, and if this is still unsuccessful the Panel are able to request a view from Ofgem as to the most appropriate arrangements. We will believe that there is already significant pressures on modification proposers to ensure an agreement can be reached, but these rules provide a further backstop. However were there to be a significant number of alternates raised with different

funding arrangements, or significant Authority Views being sought then this area may need to be reviewed.

In addition we would note that the funding arrangements for Detailed Cost Analyses (DCAs) for non implemented modification proposals, has been on the assumption that is an infrequent occurrence. However were there be numerous modification proposals not implemented with DCAs associated with them, then the funding for this may need to be reviewed. If these were to be significant EDF Energy's preference would be for these to be funded through allowed revenue, either as an explicit item, or as a cost pass through item. We are aware that during discussions there was a view expressed that these costs should be funded by the Proposer. However we did not support this as we believed that this would create a barrier to raising modification Proposals, and especially create a barrier to small participants. We therefore believe that the proposed funding arrangements will ensure that barriers are not created and promote competition.

In addition EDF Energy would note that a significant element of this proposal is the introduction of the User Guidance Document. We have welcomed the significant effort and support provided by the Gas Transporters in developing this document. We believe that this is a fundamental part of the proposal as it will provide a User Guide to how the new regime will operate in practice, along with the information that will be made available to support User Pays proposals.

Finally we would note that there has also been discussions as to how this proposal would interact with Class 3 UK Link Modifications, and whether there would be a duplication of process. It is EDF Energy's understanding that there has never been a successful stand alone Class 3 UK Link Modification, and that any such modification would probably require a UNC Mod to support it. We therefore believe that this modification proposal may provide a more effective means of raising a Class 3 UK Link Change. However we recognise that there may be a benefit to reviewing this section of the code to ensure that it is operating as expected.

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