

Julian Majdanski
UNC Panel Secretary
31 Homer Road
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West Midlands
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04 July 2008



Dear Julian

EDF Energy Response to UNC Modification Proposal 0215: “Enduring Arrangements for Supply Point Capacity Decrease at an Interruptible Supply Point”.

EDF Energy welcomes the opportunity to respond to this consultation; without a methodology to support this proposal we are only able to provide qualified support to its implementation.

EDF Energy recognises that the intent of this proposal is to allow GDNs and Users to reach mutual agreement on capacity decreases and therefore facilitate the economic and efficient operation of the pipeline system. However we believe that it would be beneficial were the GDNs to develop a methodology to detail the circumstances when this “option” would be instigated. In particular we would note that instigation of this option to offset a firm capacity reduction against a firm capacity increase would only result in the economic and efficient operation of the pipeline system when the increase and decrease were coincidental. However EDF Energy would question how often this occurs. In particular we would note that this modification would provide the GDNs with an option to offset a capacity increase in year X with a firm capacity decrease in year X-3. There is therefore a risk that this would create a cross subsidy for the intervening periods, which modification proposal 0090 was designed to avoid. We therefore believe that it would be beneficial were GDNs to develop a methodology so that it is clear under what circumstances this modification would be utilised. This would provide certainty to all Users and ensure that the chances of cross subsidisation between loads would be limited.

In relation to the specific points raised in the Draft Modification Report, 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 (a): the efficient and economic operation of the pipe-line system to which this licence relates;

In instances when the GDN has been unable to secure their interruptible requirements, or a proposed capacity decrease was coincidental with a capacity increase, then this proposal would facilitate this objective. However EDF Energy believes that it is unlikely that a capacity increase and decrease will be coincidental. There is therefore a risk that a cross subsidy would occur, which would be detrimental to this condition.

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

- Creates the potential for cross subsidisation

I hope you find these comments useful, however please contact my colleague Stefan Leedham (Stefan.leedham@edfenergy.com, 0203 126 2312) if you wish to discuss this response further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Seb Eyre".

Dr. Sebastian Eyre
Energy Regulation, Energy Branch