



John Bradley
UNC Panel Secretary
31 Homer Road
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West Midlands
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08 December 2008

Dear John

EDF Energy Response to UNC Modification Proposal 0219: “Publication of UK Wholesale Gas Market Liquidity Data”.

EDF Energy welcomes the opportunity to respond to this consultation; we support implementation of modification proposal 0219.

We believe that the publication of this liquidity data will provide transparency to the market, potential market entrants and market commentators on the level of liquidity that is currently present within the gas market. In particular we would note that whilst this information is already available, the effect of this proposal is to publish this in a co-ordinated and timelier manner. This will allow parties to take a more up to date view on the liquidity that is available in the market and so make informed decisions on the back of it. In addition we would note that making the information available in a user friendly format will also open this information up to interested parties that are not as close to the market as some participants.

However we also believe that if this proposal is to be implemented then the information provided should also be accompanied by explanatory text to ensure that its full value is realised and those utilising this information are aware of what is being presented. In particular we would note that captured within this information will be trades nominated to NGG between Shipper accounts. We would note that were a company to hold numerous Shipper accounts then trades between accounts would be nominated to NGG. This would not represent active trades within the market, but instead represent companies’ actions to ensure that their Shipper accounts are balanced. This therefore means that participants utilising this information could perceive that there is more liquidity within the market than in fact exists if they are not aware of this.

In addition we would also note that Shippers are only required to nominate their net trades. There is therefore a risk that a Shipper could undertake three trades with another Shipper, but only nominate this as a single net position. This would therefore decrease the perceived level of liquidity within the market that this information would publish. Whilst we recognise that this issue will vary dependent on Shipper practices any proposal to resolve this issue would likely to be complex and also costly to implement for a limited marginal benefit. However provided that this information is provided to inform those utilising this data should help to ensure that the most informed view of market liquidity is taken.

In addition to the specific comments made in the draft modification report we would make the following observations:

4. The implications for Transporters and each Transporter of implementing the modification proposal:

EDF Energy welcomes the information that has been provided on the cost of implementing this proposal. We believe that this will help to inform responses and ensure that the most cost effective solution is implemented. We would note that implementing this proposal to coincide with the roll out of MIPI Phase 2 would provide a cost saving to the industry. However given the relatively low cost difference between the two implementation options then we believe that either solution is suitable.

8. The implications of implementing the modification proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and non-code party:

EDF Energy believes that the full value of this proposal will be experienced most by those that are not as active in the market as most Shippers. In particular we would note that providing this information in a co-ordinated manner on the internet will make this information more accessible and so more likely to be utilised. This will allow parties who are not as active in the market and so unaware of the level of liquidity in the market to take a view on the liquidity that is present, provided that supporting information is provided to ensure individuals understand the data that is being provided.

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