

John Bradley
UNC Panel Secretary
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Dear John

EDF Energy Response to UNC Modification Proposal 0255: “Publication of Objection Rates for LSP Supply Points”.

EDF Energy welcomes the opportunity to respond to this UNC Modification Proposal. We do not support implementation of modification proposal 0255. We fail to see the value of the information that this modification proposes to release as the concerns relate to a supply issue.

As recognised by the UNC Modification Proposal the ability for a Supplier to object to a Supply Point transfer is contained within SLC 14.2 of the Supply Licence. The UNC merely provides the business rules as to how this objection process operates, and does not determine when or whether an objection can be raised. It would therefore appear that if there is an issue with the use of the objection process then this relates to the Supply Licence of the businesses involved and not the UNC, and as such therefore is a matter for Ofgem. We would also note that the Transporters have always made it clear that if Ofgem was to request this information then they would provide it to them directly, without the requirement for a UNC Modification Proposal. Therefore if Ofgem does have concerns with the objection process (as referenced in the UNC Modification Proposal) EDF Energy would have expected Ofgem to have requested this information and taken appropriate actions with regards to the Supply Licences concerned.

EDF Energy would also note that at no point has any evidence been presented to support the allegation that the objection process is not being used correctly. The proposal notes that there is “anecdotal evidence” but not even this has been presented to support this proposal. EDF Energy would note that as a Shipper we have had no evidence, or belief that the objection process is being misused. Further we would note that if this were a real issue then we would have expected the impacted Shippers to develop a body of evidence. Whilst this may not cover all of the industry, we would have expected Shippers who have a concern to collect this data from their internal supply point processes. This could then have been presented to Ofgem were there any issues raised. The fact that this data has not been provided, or any evidence produced brings into question whether any issue exists.

Finally we would note that this proposal does not provide any information as to why the objection was raised, or subsequently cancelled by Shippers. In particular we would note that the Supply Licence allows a Supplier to object to a Supply Point transfer on the grounds of:

- Contract terms – which could include debt
- The proposed supplier has initiated the transfer in error

It is therefore possible that particular Shippers are better at enforcing their contract terms or managing debt than other suppliers. This may result in a higher level of objections, and in

the case of payment of debt by the customer a higher level of cancellations than the industry average. However this proposal will not identify this – it will merely provide a highlevel view. We would also note that this proposal fails to provide details on Shippers who have erroneously initiated a transfer. This would probably also not be beneficial to customer experiences but is missing from this proposal. EDF Energy is therefore concerned that this proposal will not provide any information of value to the industry. However we are concerned that at the last distribution workstream (October 2009) some Shippers suggested that this information could be presented to consumers to help them chose between suppliers. We are therefore concerned that this information could be deliberately miss-presented to consumers.

EDF Energy does therefore not support this proposal. The issue appears to resolve around application of Supply Licence conditions and so the UNC, which is a Shipper to Transporter contract, is not the correct route to resolve any issues. No evidence, anecdotal or otherwise has been presented to support this proposal, and the fact that Ofgem has taken no action with regards to their apparent concerns suggests that this proposal is spurious at best.

In relation to the particular points raised in the UNC Modification Proposal EDF Energy would make the following observations:

2. User Pays

EDF Energy disagrees that this is not a User Pays Proposal. The User Pays Guidance document clearly identifies that any modification proposal which has the potential to incur costs on the Transporter Agency (xoserve) is a User Pays Proposal. Although relatively small this proposal if implemented would incur costs on xoserve, and as such this is a User Pays Proposal which should have followed the User Pays Governance route.

Given the low cost of implementation, we agree that this should be funded by the Transporters. We are however disappointed that no information has been provided by the Transporters to support the implementation costs identified. Going forward we believe it would be beneficial for Shippers to have sight of the costs of implementation and also an explanation as to the difference in implementation costs to enable Shippers to comment on these.

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

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant Shippers;

EDF Energy fails to recognise how this proposal will facilitate the relevant objectives identified. The Supply Licence already dictates that the objection process can only be used in particular circumstances. Implementation of this proposal will not provide any greater incentive than that already contained within the Supply Licence. Further no information has been provided to support the allegation that that current Supplier practices are not appropriate. Our own experience suggests that the objection process is in fact being used appropriately. EDF Energy therefore does not believe that implementation of this proposal will have any impact on the objection process and so will not have any impact on this relevant objective.

Standard Special Condition A11.1 (f): so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

UNC TPD G 2.8.1 sets out the rules for raising a Supply Point Objection. However this only deals with the processes for raising the objection and the timelines involved. If these rules are not adhered to then the objection is not accepted by the Transporter. This Modification

Proposal will have no impact on these rules, or the timelines. Rather, as recognised by the proposal, the concern is with regards to the application of the Licence Conditions within the Supply Licence. Again these are outside of the scope of the UNC. This proposal therefore will not facilitate this relevant objective as it will not impact on any of the UNC rules for raising a Supply Point Objection.

8. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk.

EDF Energy does not have any evidence that the objection process is being used spuriously, nor has any evidence been provided to support this. We therefore do not believe that this proposal will have any impact on the number of objections, and so this proposal will have no impact on the operational costs or administrative burden of Shippers.

9. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party.

As previously noted EDF Energy does not believe that this proposal will have any impact on the objection process and so the benefits identified by the proposal will not be recognised. However EDF Energy is concerned that the report could be misrepresented to consumers. This would have a detrimental impact on consumers.

11. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Disadvantages

- Potential for report to be miss-represented to consumers by Shippers.
- No supporting evidence provided.
- Not compliant with User Pays principles, or UNC Governance arrangements for a User Pays Proposal.

16. Proposed implementation timetable including timetable for any necessary information systems changes and detailing any potential retrospective impacts).

If implemented EDF Energy agrees that this proposal should be in line with the Information Provisions project to minimise costs. However we are disappointed that the Transporters have failed to provide any further information behind the costs identified and why they are so different. Whilst a verbal update has been provided to the Distribution Workstream, this information should be available to all Shippers during the consultation process, and not just those who attended the Distribution Workstream.

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



Dr. Sebastian Eyre
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