

Bob Fletcher
UNC Panel Secretary
31 Homer Road
Solihull
West Midlands
B91 3LT

13 April 2010

Dear Bob

EDF Energy response to UNC Modification Proposal 0287: "Change System Capacity Transfers Notification Time Limit from 04.00 to 03.00 hours".

EDF Energy welcomes the opportunity to respond to this UNC Modification Proposal. We support implementation of Modification Proposal 0287.

This is a straight forward modification proposal to amend the UNC to ensure that National Grid Gas (NGG) has 60 minutes within which to approve, or not reject a Capacity Transfer notification. EDF Energy believes that this was the original intent of UNC Modification proposal 0195AV and the discrepancy that has been identified was an oversight at the time. We believe that this is a simpler solution than requiring NGG to re-schedule the planned UK Link Downtime which would have significant implications and costs for both NGG and Shippers.

We are not convinced that the proposed User Pays funding arrangements are appropriate. However given that this is expected to be a zero cost change, we do not believe that this is material to the proposal. Were this to change, and significant costs incurred then we would expect Ofgem to scrutinise why these costs were incurred and whether they were efficient and economic.

In relation to the Modification Proposal EDF Energy would make the following specific comments:

2. User Pays

EDF Energy recognises that currently there are two definitions of a User Pays Modification Proposal. This proposal meets the definition of User Pays currently adopted by NGG. We believe that it would be beneficial were clarity to be provided by Ofgem on what they believe is, and is not a User Pays Modification Proposal.

EDF Energy disagrees that this proposal should be funded 10% by Shippers and 90% Transporters. The alternative to implementation of this proposal would be to reschedule planned UK Link Downtime. We understand that this would come at a significant cost to Transporters, and so they would appear to be the main beneficiaries. It would therefore appear that they should fund this proposal in its entirety.

EDF Energy is also not convinced that the targeting of costs to Shippers based on their capacity holdings is appropriate. The concept of User Pays was to target costs at those who were choosing to utilise this service. This would suggest that costs should be recovered based on capacity transfer notifications submitted. However given that this is looking to recover zero costs this is a secondary issue.

As previously noted we would have significant concerns were the costs of implementation of this proposal to be significant requiring the application of a User Pays charge to Shippers. In this instance we believe that the costs should be subject to significant scrutiny from Ofgem who should also take a view as to whether they were economically and efficiently incurred.

3. 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) and (b), the efficient discharge of the licensee's obligations under this licence;

NGG has a Licence requirement not to unduly discriminate between Users of its pipeline system. As recognised by NGG implementation of this proposal would ensure that NGG treats all capacity transfers and so Shippers in the same manner. This would therefore suggest that implementation of this proposal would facilitate NGG's Licence requirements to not unduly discriminate between users and so further this relevant objective.

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 does not believe that this proposal will have any impact on this relevant objective. NGG's assertion that treating all notifications in the same manner is beneficial to competition is tentative at best, and arguably represents a feeble attempt to support the application of 10% of costs to Shippers.

I hope you find these comments useful, however please contact my colleague Stefan Leedham (Stefan.leedham@edfenergy.com, 020 3126 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