

Bob Fletcher
UNC Secretary
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

07 January 2011

Dear Bob

EDF Energy Response to UNC Modification Proposal 0344: "Removal of the D+1 11am meter read liabilities regime for DM Voluntary (DMV) Supply Points".

EDF Energy welcomes the opportunity to respond to this consultation. We do not support implementation of this modification proposal.

This proposal seeks to remove the liability regime for DMV Supply Points, and so ensure that the Transporters are not subject to a liability if they fail to deliver a meter reading by D+1 11am. However, no supporting arguments have been made in favour of removing this liability, and from the figures produced this could have a detrimental impact on the allocation of energy to the NDM market. We therefore do not believe that this proposal will facilitate any of the relevant objectives, and there is a risk that this proposal could have a negative impact on the allocation of energy and so in turn have a detrimental impact on competition.

At the UNC Panel on 18 November 2010 a request was made to the proposer who was asked to provide the aggregate level of energy that flowed through these DMV meters. The allocation of energy to the DMV regime has a direct impact on the allocation of energy to the NDM regime. From the information provided by the proposer, the DMV regime accounted for 20.8% of the energy allocated to the DM sector in the period 1 December 2009 to 30 November 2010. We believe that this represents a material volume, and so the submission of these reads should continue to be incentivised to ensure the accurate allocation of energy.

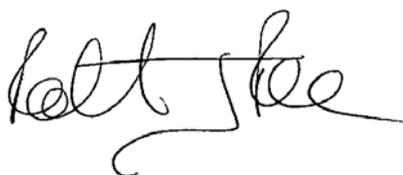
We are concerned that implementation of this proposal will reduce the number of reads provided by D+1 11am for these DMV sites if they are no longer subject to a liability regime. This could result in larger swings in the energy allocated to the DMV and NDM markets with associated impacts on energy balancing and cashout costs. We believe that this could have a detrimental impact on competition as a result of increased volatility and risk in the allocation of energy; and could also increase costs to consumers if energy imbalance exposure increases due to issues outside of a Shippers' control.

The proposer states that implementation of this proposal will facilitate the achievement of relevant condition A11.1 (a) the efficient and economic operation of the pipeline system. This we understand is based on the view that removal of this liability regime will ensure that Transporters focus their attention on faults that occur at DM Mandatory sites which have a significant impact on the operation of the pipeline system. We are unconvinced that implementation of this proposal will have any impact on the operation of the system as a reasonable and prudent network operator and owner would always focus their attention on faults at DM Mandatory sites due to the impact that they have on the system. Conversely, implementation of this proposal could remove the incentive to resolve issues at a DMV site in a timely and prudent manner. Whilst the proposer ascertains this will not have an impact on the system, the supporting information provided suggests that this is not the case. Arguably a worse service at these sites would be delivered which is not in the interest of consumers or Shippers.

Finally, we note that modification proposal 0345 "Removal of the Daily Metered Voluntary Regime" has also been raised by the proposer. This proposal seeks to remove the DMV regime with DMV sites moving to the DME or NDM regime. We note that the DME regime has a similar liability to incentivise Shippers to submit readings by D+1 11am. We believe that this may be a more appropriate solution than removing the DMV liability regime as this will ensure that meter reading standards and so energy allocation are maintained. In addition, we are concerned that implementation of 0344 alongside 0345 could provide a competitive advantage to the GDNs as DMV Suppliers as they are able to avoid the liability regime, unlike Shippers at DME sites.

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 black ink, appearing to read "Rob Rome".

Rob Rome
Head of Transmission and Trading Arrangements
Corporate Policy and Regulation