

Representation for UNC modification. 054/ 54a

" Modification to codify Emergency Curtailment Quantity (ECQ) methodology "

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Slant: Support 54a

Strictly Confidential: No

Abstract

Dear Julian

EDF Energy welcomes the opportunity to respond to modifications 054 and 054a "Modification to codify Emergency Curtailment Quantity (ECQ) methodology". We believe on balance that the methodology for calculating ECQs in alternative modification 054a will better meet the relevant objectives of the Gas Act and therefore support its implementation over modification 054.

EDF Energy believes that NGG's modification 054 does not meet the relevant objectives as it would mean that only Transporters would have the ability to change the ECQ methodology. We believe that those parties affected by the ECQ calculation should be able to feed into the process of amending the calculation as they have a vested interest as per E.On's alternative modification. Alternative modification 054a would therefore create a level playing field between different Users, in line with GT's relevant objectives.

Furthermore, E.On's modification proposes to hard code the methodology into the code which would prevent divergent estimations of the ECQ to appear which would reduce the amount of risk Users will face when trying to estimate their own ECQ quantities.

We also believe that E.On's methodology in modification 054s better reflects current commercial operations and how Users nominate gas at large offtakes as it doesn't use SOQ's in the absence of OPN's or historical data as NGG's proposal does. This is important as not all sites offtake at full capacity such as CCGT's which respond to varying summer and winter electricity demands. Implementing E.On's methodology would mean that claims after the day would be reduced in respect of any ECQ application as it more closely reflects commercial arrangements, minimizing the distortion to Users's financial risk.

In terms of GT's claim that extra costs will be placed on Transporters through implementation of modification 054a, we believe that these costs, if any will be minimal as methodologies under both modifications do not vary that significantly so we would expect Transporters have already taken much of this cost into account when designing their systems and processes.

We hope our comments have been useful but please contact me on the number below if you wish to discuss further.

Regards

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