

Representation For. 0027
"Right of Set Off under Uniform Network Code"
Version 1.0

Date of Communication: 20/09/2005
External Contact: (Edf Energy Plc)
Slant: Against
Strictly Confidential: No

Abstract

Dear Julian,

Thank you for giving EDF Energy the opportunity to respond to Network Code Modification Proposal 0027 Right of Set Off under Uniform Network Code.

We accept the basic premise that it is more efficient to offset payments and credits, but we have serious concerns about the way in which this will work. From our own point of view, EDF Energy receives a large number of invoices and credits for various parts of Transco, at present these are not netted off and our payment and accounting systems have been developed to reflect this.

Any significant change to payment processes is likely to add to current workloads and constitute an administrative burden and extra cost, at least in the short-term. There is a lack of detail as to how the setting off mechanism would work which causes us additional uncertainty.

For example we have little information as to the conditions under which a Transporter would issue a Set Off notice or the timescales within which it would apply. This is a potential problem as invoices are often processed ahead of the payment date and instructions made to our bank for payment several days in advance; a late instruction to offset such payments against credits would cause obvious problems.

Were this modification to be approved, then we would prefer for it to be elective in the first instance to ensure that EDF Energy can adjust it's processes accordingly without adding undue costs to the Settlement process.

We hope our comments have been useful but please contact me if you need to discuss any of our comments further.

Regards

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