John Bradley
UNC Panel Secretary
31 Homer Road
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12 January 2010

Dear John

EDF Energy Response to UNC Modification Proposal 0278: "Amendments to NTS Shrinkage Reporting Process".

EDF Energy welcomes the opportunity to respond to this UNC Modification Proposal. We support implementation of Modification Proposal 0278.

At a general level this proposal appears to make minor changes to the UNC to ensure consistency of reporting and reflect operational practice. Overall these changes appear relatively straight forward with minimal impact and issues associated with them. We believe that upon implementation of Ofgem's Governance Review this type of modification proposal would be a prime candidate for following the self governance process given the relatively straight forward and limited implications of this proposal.

In relation to the main elements of the proposal EDF Energy would make the following observations:

1. **Amendment to publication date of Annual NTS Shrinkage Forecast.** EDF Energy recognises that aligning the publication of NTS and KLDZ shrinkage may provide a benefit to some Shippers; however we believe that this will be minimal. In particular we would note that if this were to provide a significant benefit we would have expected a Shipper to raise this proposal, or a topic on this at the Transmission Workstream. However the fact that they have not supports the view that any benefit will be minimal.

2. **Cease publication of Month ahead NTS Shrinkage Factor forecasting.** Given the inaccuracy of this report, and so limited value to Shippers we see no reason why NGG should continue to publish this report. However we would note our disappointment that rather than trying to improve the accuracy of the report and so its value, NGG is instead deciding to cease publication. We believe that in the future it would be more expedient to improve accuracy of reports unless there is clear feedback from Shippers and Consumers that there will be no future value in the report.

3. **Clarification of publication times of Assessed Shrinkage.** EDF Energy would seek confirmation from NGG that they are currently publishing Assessed Shrinkage in line with the UNC requirements. We would note that it is a Transportation Licence requirement to comply with the UNC. We would also question why the UNC is being

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modified rather than UNCORM. It would appear that the UNC is takes priority over the UNCORM and so it would appear more logical to align the UNCORM with the UNC rather than the other way around.

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

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 is sceptical that implementation of this proposal would facilitate competition between Shippers and believes that NGG is scraping the barrel by suggesting implementation would facilitate this objective. NTS Shrinkage is a relatively insignificant volume of gas, compared to that which Shippers have to procure to meet demand and so any improvement in the accuracy of this data is unlikely to facilitate this condition.

Standard Special Condition A11.1 (f): so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in implementation and administration of the network code and/or the uniform network code;
It is possible to argue that implementation of LDZ Shrinkage and NTS Shrinkage data in a co-ordinated manner would promote efficiency in the implementation and administration of the UNC. It is recognised that this improvement is limited, and potentially tenuous; however given NGG's assertions regarding the significant improvement on competition between Shippers it appears more likely that this condition will be facilitated than A11.1 (d).

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

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