

## UNC Consultation Response – John Costa : EDF Energy

### UNC Document

| Section                                 | Section Reference | Response   |
|---|-------------------|--|
| Introduction                            |                   | EDF Energy welcomes the opportunity to comment on Transco's urgent network code modification 745. This response will also form our response to Ofgem's consultation letter dated 4 <sup>th</sup> March 2005. We believe that the two weeks time period to respond to all these documents is insufficient and therefore reserve our right to make further changes or comments as appropriate in the next few weeks as we fully review the interaction and obligations under all documents. Therefore, where we have chosen not to comment should not be taken as an indication of support or satisfaction with the proposed legal text. Also, the business rules for much of the legal text amendments have not been issued and where they have do not match the legal text amendments. We also note that there is not a clear marked up version of the UNC from the current Network code in force which has made it difficult to compare new with old. For these reasons, and the fact that we are not likely to see a final copy of the full legal drafting before the end of this process, we are unlikely to support Transco's Urgent Modification 745. However, we are generally satisfied with the Class one and two changes Transco has made to the UNC. |
| TPD Section A – System Classification   |                   |  |
| TPD Section B – System Use and Capacity | 6.0               | <ul style="list-style-type: none"> <li>We are generally happy with this section apart from the introduction of the flow flexibility charge methodology for the DNO's. We do not believe this level of reform of section B is warranted at this point, despite the charge being set to zero as it may restrict or even conflict with the introduction of enduring arrangements the GTs need to implement before September 2005. We recognise that Transco needs to distinguish between capacity and flexibility but this could be through less onerous or prescriptive legal text. Recognition of the fact that DNs need to maintain a 1/24<sup>th</sup> rate should be sufficient for now and detailed legal text should only be introduced when the enduring regime has been established together with any Shipper required obligations. Introducing this level of reform now is neither efficient or economic and we would urge Transco to review or remove section 6 altogether until it is further understood and agreed what the flow flex product will look like.</li> </ul>   |
| TPD Section C – Nominations             |                   |  |
| TPD Section D – Operational Balancing.. |                   |  |
| TPD Section E – Daily Quantities...     |                   |  |
| TPD Section F – Balancing Charges etc   |                   |  |
| TPD Section G – Supply Points           |                   |  |
| TPD Section H – Demand Estimation..     |                   |  |
| TPD Section I – Entry Requirements      |                   |  |
| TPD Section J – Exit Requirements       | 2.5               | <ul style="list-style-type: none"> <li>The rules are not clear as to how Transco will prioritise User's applications for increase offtake pressures and whether the calculation will be non-discriminatory.</li> </ul>   |
| TPD Section K – Operating Margins       |                   |  |

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| TPD Section L – Maintenance etc...     | 1.4  | <ul style="list-style-type: none"> <li>We are generally supportive of the changes in this section but would urge Transco to include greater obligations on all parties to ensure that GT's maintenance plans are aligned were possible with Users. We would suggest a Reasonable Endeavours obligation on GTs to communicate their maintenance plans under the same time scales so that opportunities to align maintenance periods and reduce disruption to the UK Gas System are captured by all parties. This would increase the economic and efficient operation of the UK gas transportation system and market.</li> </ul>  |
| TPD Section M – Supply Point Metering  | Whole section<br>1.11<br>3.2.13(b)<br>3.8.10(a)<br>4.8.6 (b) | <ul style="list-style-type: none"> <li>Whole document needs a format check re section numbering and numbering and format of indented sections as it is not correct at the moment.</li> <li>The sentence/grammar “In this Section M references to Users exclude DNO Users” does not make sense.</li> <li>Last line - word “paragraph” has not been amended in line with the word “paragraphs” in the last line of 3.2.13 (a)(ii)</li> <li>No need for an additional “the” as it does not read correctly.</li> <li>Not sure what the GT is required for?</li> </ul>   |
| TPD Section N – Shrinkage              | 4.2.2<br><br>1.6   | <ul style="list-style-type: none"> <li>Not clear from this section whether DNO's can undertake trading for shrinkage purposes similar to Transco and we would be concerned if DNO's were trading on the open market.</li> <li>Many sections relating to Shrinkage Scheduling have been removed and so it appears from the legal text that DNOs would be allowed some flexibility in what they nominate and schedule which could put them at a competitive advantage when it comes to exit capacity and flow flex charges. This would be unacceptable. Also, it is not clear whether DNO's would be subject to the same information release obligations as Transco under the DTI information release programme but it might be worth clarifying their obligations here.</li> </ul> |
| TPD Section O – System Planning        |  |   |
| TPD Section Q – Emergencies            |  |   |
| TPD Section R – Storage                |  |   |
| TPD Section S – Invoicing & Payment    |  |   |
| TPD Section U – UK Link                | 1.10.2/5.3.3<br>1.12<br>4.5.9<br>6.3                         | <p>The sentence/grammar “In this Section U references to Users exclude DNO Users” does not make sense.</p> <p>Two sections numbered 4.5.9 – incorrect section numbering</p> <p>Governing Law and Jurisdiction should be Section 7 and then two sub-sections 7.1 and 7.2. It does not form part of Section 6 which deals with Interest.</p> <p>Does there need to be reference in here that the central agency will undertake the managing of UK Link. Again I think this is covered as part of the GT licence condition though so is that sufficient?</p>   |
| TPD Section V – General                |  |   |
| TPD Section X – EB Credit Management   |  |   |
| TPD Section Z – LNG                    |  |   |
|  |  |   |
| OAD Section A – Scope & Classification |  |   |
| OAD Section B – Connection Facilities  |  |   |
| OAD Section C – Safety & Emergency     |  |   |
| OAD Section D – Measurements           |  |   |
| OAD Section E – Telemetry etc          |  |   |

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| OAD Section F – Determination of CV                               |       |   |
| OAD Section G – Maintenance                                       |       |   |
| OAD Section H – Long Term Planning                                |       |   |
| OAD Section I – Operational Flows                                 |       |   |
| OAD Section J – LDZ/LDZ Offtakes                                  |       |   |
| OAD Section K – LDZ System Entry Points                           |       |   |
| OAD Section L – Cost Recovery..                                   |       |   |
| OAD Section M – Information Flows                                 |       |   |
| OAD Section N – General   |       |   |
| Modification Rules (Former Section Y)                             |       | <ul style="list-style-type: none"> <li>We are concerned with Ofgem’s and Transco’s proposals for a 5 GT and 5 User panel and believe that User’s powers have been significantly undermined relative to current network code arrangements. We believe that the constitution of the panel is not an issue for discussion under the DN sale as it is not a priority for the Sale to go through. Many shippers and DNOs have stated their preference for fewer GTs on the panel and believe that Ofgem and Transco should listen to the industry, the majority of which believe that 2 GTs is sufficient.</li> <li>A panel recommendation is not warranted at this stage and should be removed until the outcome of the DTI appeal’s process is known. Once the rules for referring a modification decision to the Competition Commission is known then a modification can then be raised to introduce appropriately considered panel recommendations.</li> <li>We do not believe the panel chair should be the one to provide the casting vote in the event of a deadlock 5 vs 5 vote situation as this vote is likely to be a GT. We believe an independent party should be elected onto the panel as an 11<sup>th</sup> member to cast the deciding vote.</li> </ul> |
| Transition Document   |       |   |
| General Terms Section A – Dispute Resolution (formally Section T) |       |   |
| General Terms Section B – General (parts of original Section V)   | 1.2.1 | <ul style="list-style-type: none"> <li>Implies that the Transporter’s network code could have terms that are expressed as not being part of the code and as such would not be subject to the governance of the code. We are not sure if this flexibility for each individual GT code to be altered was intentional but needs reviewing may lead to unnecessary complexities later on. We are concerned that individual Transporter’s network codes could diverge, something that we would not support.</li> </ul>   |
| General Terms Section C – Interpretation (formally Section W)     |       |   |

## Associate Documents

| Section | Section Reference | Response |
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|---|--|--|
| Agency Services Agreement (ASA)                     |  |  |
| Joint Governance Agreement (JGA)                    |  |  |
| Incremental Exit Capacity Release (IExCR) Statement |  |  |