

Our Ref 22/06
Your Ref

Hannah Cook
Wholesale Markets
Ofgem
9 Millbank
London
SW1P 3GE



Date 17 March 2006

Dear Hannah,

3rd Party Proposal: Publication of Near Real Time Data at UK sub-terminals: UNC modification proposal 006

EDF Energy welcomes this opportunity to respond to Ofgem's Impact Assessment (IA) on UNC modification proposal 006. EDF Energy would like to offer its support for the IA and to make the following comments.

EDF Energy supports any initiative that enhances market transparency. Implementation of this modification proposal will help to open up the supply side of the UK gas market and help promote price stability by creating a level playing field amongst Producer affiliated Shippers and Suppliers and non Producer affiliated Shippers and Suppliers.

We support the conclusion that the benefits of implementing this proposal outweigh the costs and agree that this is likely to be the case. However, we are concerned with the lack of transparency of the methodology that has been adopted by Ofgem. It is very hard to make a thorough assessment of the methodology because Ofgem has not provided sufficient data or justified how the numbers (£83-£122 m) were derived. It would have been more beneficial to put the methodology in an appendix along with a working example to allow respondents to assess it fully. We also consider that the IA is slightly unbalanced, in that more weight was given to the assessment of the benefits than the costs. For example, the cost of re-negotiating the offshore contracts could have been supplied which would have provided a more balanced IA. We therefore found it hard to make a firm determination as to the extent of the benefits given however we continue to believe that the net benefits would still have been largely positive.

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In summary, EDF Energy offers its support to Ofgem's IA on UNC modification proposal 006 and continues to believe that this extra level of offshore information would help downstream players to better understand the dynamics of the within-day market. It would also help gas Shippers take more efficient and economic actions in the market which should ultimately reduce market volatility and barriers to entry whilst increasing market confidence and thus liquidity at the same time. However, EDF Energy believes that implementing this modification proposal should not lead to any single party being unduly commercially exposed. On this basis, EDF Energy considers that it is important for Ofgem to address this issue in its consideration of the modification proposal.

We hope that you will find these comments helpful. If you have any queries please do not hesitate to contact me on 020 7752 2522.

Yours sincerely

John Costa
Energy Market Strategy
EDF Energy