

Mrs Fay Geitona
ERGEG
28 rue le Titien
1000 Bruxelles
Belgium

26 November 2010

Dear Fay

Existing Transparency Requirements for Natural Gas

EDF Energy is one of the UK's largest energy companies, with interests that include nuclear, renewables, coal and gas-fired electricity generation, carbon capture and storage (CCS), combined heat and power and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy welcomes the opportunity to answer this consultation on Existing Transparency Requirements for Natural Gas Public Consultation. We fully support information release, which we see as a prerequisite for the development of a fully liberalised and competitive market. For example, we have previously supported information release modifications in the UK, such as a Gas modification allowing near real-time terminal flow data. Such developments have demonstrated what can be achieved in the UK wholesale gas market when there is a willingness to take information release seriously¹.

We generally support the proposals in the consultation document and our key points are as follows:

- Traded markets need reliable, timely and accurate information to function properly.
- The value of the information is inherently linked to its ease of reference. It might therefore be worth developing a European "dash board" of relevant market information for ease of reference for all trading parties.
- We believe that there is no fundamental difference between power and gas markets with regard to transparency requirements. It would therefore be appropriate to apply commensurate standards to both markets, including gas production as, in our view, this is not materially more complex than power generation.
- TSOs, rather than individual market participants, should be responsible for publishing market data.
- It should be made clear that market participants have to use their best endeavours to provide the required data but would not be liable for any inaccurate figures or

¹ <http://marketinformation.natgrid.co.uk/gas/frmPrevalingView.aspx>

incorrect estimates, unless it can be shown that they had been made negligently or intentionally.

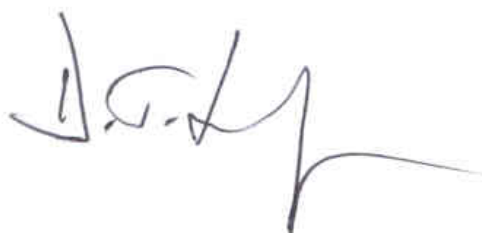
- Unplanned outages of major infrastructure should be published simultaneously to the whole market in order to avoid any asymmetry of information .
- More transparency of real-time interconnector flows is needed in view of the impact the flows have on neighbouring market imbalances and prices.
- We should not forget the benefits of information release for serious academic research, which we would hope influences policy design or evaluation.

Finally, we would argue that it is not necessary to release information which is either commercially confidential or of no real benefit to the market.

Our detailed responses are set out in the attachment to this letter.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Sebastian Eyre, on 020 7752 2325, or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "D. Linford".

Denis Linford
Corporate Policy and Regulation Director

Attachment

EDF Energy response to questions

Existing transparency requirements for natural gas

Do the existing legally binding and soon-to-be legally binding transparency requirements for transmission, LNG and storage satisfy your needs as a market participant? In case your answer is no, please specify what is missing in your view and why.

Transparency requirements are a prerequisite for the development of the European market for gas. We would agree with the consultation document that for transmission, the requirements are satisfactory. For LNG System Operators (LSOs) and Storage System Operators (SSOs), binding transparency requirements are incomplete. We would favour the addition of those requirements listed in the Guidelines of Good Practices for LSOs and SSOs.

Are you satisfied with the current level of transparency provided for by system operators? In case your answer is no, please specify whether this is the case due to the lack of transparency requirements or the quality of publication.

The current level of information provision provided by TSOs in the UK is high however there are still improvements that can be made. More transparency of data for gas stored at LNG terminals and upstream gas production would be needed to create a level playing field with the current storage and electricity markets. There must be no asymmetry of access to, or provision of, data between market participants.

We recognise the disclosure requirements in Article 19. Nevertheless, we believe that exempted facilities should not be required to disclose other commercially sensitive information, as that full disclosure might undermine future investment plans of those companies.

Do the existing voluntary GGP for LNG System Operators¹ and GGP for Third Party Access for Storage System Operators² satisfy your needs as a market participant?

Yes, however more data transparency of LNG stocks held at LNG terminals would be beneficial to the market.

Do you think that those transparency requirements in the GGP LNG and GGP SSO which are not covered by the 3rd Package should become legally binding?

The transparency requirements in the GGP LNG and GGP SSO are vital for the efficient functioning of the market. Even if those non-binding requirements are met by LSOs and SSOs, we believe that they should ultimately be made binding.

Do you think that the voluntary GGP for LNG System Operators and GGP for Third Party Access for Storage System Operators shall include further transparency requirements? In case your answer is yes, please specify what is missing in your view.

See above answers.

Is there an area along the gas value chain (production, transmission, LNG, storage, distribution, wholesale market) where in your view additional transparency requirements are needed? Please specify what you miss in your answer.

We believe that the market would benefit from more transparency in upstream gas production and transportation. Currently when there is an outage at either an offshore field or pipeline, the market only finds out when gas flows change at the beach. Given that gas travels slowly, the time lag between producers and the rest of the market knowing can be quite long.

We also believe that gas flows into the Distribution Networks (DN), from both Transmission and other directly connected assets such as DN connected LNG flows should be published as these flows impact on the overall system balance.

Do you think that further transparency is required for the production (upstream) sector? If your answer is yes, please specify what is missing in your view, and what specific additional transparency requirements you would want to see? If your answer is no, please explain why.

Data on gas production is critical to the functioning of the market. If production fails, market participants are not always able to understand the market and respond appropriately.

**EDF Energy
November 2010**