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Dear Julian

**UNC Modification Proposals 0216: Introduction of an Additional Discretionary Release Mechanism for NTS Entry Capacity and UNC Modification Proposal 0216A: Introduction of Additional Pay-as-Bid Auctions for NTS Entry Capacity**

EDF Trading welcomes the opportunity to provide its views on the two modifications. We fully support the principle of both to release additional NTS Entry Capacity (including the release of Unsold NTS Entry Capacity) to the market, outside and in addition to, the Quarterly and Daily auction mechanisms that are currently in place. This should help ensure efficient use of capacity on the NTS.

EDF Trading preference is modification proposal 0216 – although there is a need to develop the proposal in more detail to ensure that it fully meets the objectives of the Code (see below).

We believe that this proposal provides National Grid NTS with flexibility to better optimise the release of additional and unsold NTS Entry Capacity, i.e. to fine-tune capacity provision. For example, a minimum of seven days notice prior to any release of NTS Entry capacity, could mean more capacity would be released in a reasonable timeframe. In comparison, modification proposal 0216A imposes a requirement of a minimum of 28 days notice to users of a proposed additional pay-as-bid auction. We believe that the 28 day notice period is potentially too lengthy and may not allow for the efficient provision of additional entry capacity.

The 28 day notice period may also discourage National Grid NTS undertaking an additional pay-as-bid auction if it is in close proximity to a RMTTSEC auction taking place. This disincentive is further exacerbated, under 216A proposal, by requiring monthly capacity strips and a pay-as-bid auction with a minimum of two rounds - regardless of the volume being auctioned. This would introduce further complexity and additional time to complete the ad-hoc auction. These additional requirements under modification 0216A, introduce restrictions that

potentially prevents surplus capacity being released to the market when compared to the more flexible proposal 0216.

There is a need however to consider whether the 7 day notice period is sufficient for NTS entry points connected to an LNG re-gasification terminal – where (particularly under current market conditions) it may take longer than 7 days to source and deliver a cargo to take advantage of the additional available NTS entry capacity. It is important that the notice period for the ad hoc auction of NTS entry capacity does not inhibit competition in the LNG market.

Where capacity is to be released through the new ad hoc auction process it will be important to ensure appropriate transparency arrangements so that all parties have access to the relevant information at the same time – so for example no significant commercial advantage should be gained if a company approaches National Grid on a bilateral basis about the possibility of additional capacity release.

To conclude, EDF Trading supports modification proposal 0216, however we would like National Grid NTS to consider the issues outlined above, in developing the proposal further, to ensure that it fully meets the objective of the Code.

If you have any questions regarding this letter please contact Cemil Altin on +44 (0)20 70614386 or on email at [cemil.altin@edftrading.com](mailto:cemil.altin@edftrading.com).

Yours sincerely



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