

John Bradley
UNC Panel Secretary
31 Homer Road
Solihull
West Midlands
B91 3LT



15 December 2008

Dear John

EDF Energy Response to Supplementary Consultation on Proposed Legal Text to Support UNC Modification Proposal 0195AV: “Introduction of Enduring NTS Exit Capacity Arrangements”.

EDF Energy welcomes the opportunity to respond to this consultation; we support implementation of the proposed changes to the legal text to support UNC Modification Proposal 0195AV.

Under the current arrangements the only commodity charge applied to NTS Exit Points, excluding storage facilities, is the SO Commodity charge. These charges are designed to recover the cost of operating the system and include elements such as shrinkage and balancing incentives. These costs appear to be directly related to the throughput on the NTS System, which is outside of the control of the GDNs. It would therefore appear inappropriate for the GDNs to pay the SO Commodity charge, which appears to be aligned with the drafting within the GDNs’ Licences.

EDF energy was an active participant on the 0166 review group that developed these proposals and from our perspective we do not believe that it was ever intended for the GDNs to pay for the SO Commodity charge. We therefore believe that the proposed wording reflects the intent of the modification proposal, and work of review group 0166, based on the current charging arrangements.

However EDF Energy would also note that as part of recent discussions at the Gas Transmission Charging Methodology Forum (TCMF) there were discussions about the development of a TO Commodity Charge to ensure that TO Revenue was recovered in full. Given that TO Charges are designed to recover the cost of capacity, we believe that it would be appropriate to levy these charges on GDNs were they to be introduced. However we would note that this will be dependent on the development of the Charging Methodology and so it is too early to incorporate into legal text. We would therefore expect a UNC Modification Proposal to be raised to support such a Charging Methodology were NGG to raise a proposal.

Finally EDF Energy would note our concern with implementing Licence Condition Changes that have pre-empted the outcome of exit reform. We are aware that NGG NTS’ Licence has been amended so that revenues foregone have been excluded from the Licence from 1 October 2012. It is this change that has created the potential requirement to develop a TO Commodity Charge and so require a further UNC Modification Proposal. Given the uncertainty surrounding exit reform when both the GDN and NGG NTS Licence Conditions

were drafted, we believe that it would have been more appropriate to wait until the outcome of exit reform was known before implementing them. This would have helped to ensure that Licence Conditions were appropriate and that there was not a requirement to resolve these issues through Charging Methodology and UNC changes. We therefore believe that going forward Licences, Charging Methodology processes and UNC processes should be aligned.

I hope you find these comments useful, however please contact my colleague Stefan Leedham (Stefan.leedham@edfenergy.com, 0203 126 2312) if you wish to discuss this response further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Seb Eyre".

Dr. Sebastian Eyre
Energy Regulation, Energy Branch