

Jan Gascoigne
Regulatory Frameworks
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Gallows Hill
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07 June 2007

Dear Jan

EDF Energy Response to NTS GCM07: “Introduction of an NTS Entry Capacity Transfer Application Fee.”

EDF Energy welcomes the opportunity to respond to this consultation and offer support.

Given the uncertainty associated with the demand for the transfer of unsold entry capacity between ASEPs for this winter, it appears prudent to adopt a zero price application fee. This will ensure that charges are not set at an inappropriate level creating a barrier to entry to those who wish to participate in this auction process. We therefore believe that this methodology is consistent with the majority of NGG’s Licence Objectives, although it could be questioned how these charges reflect the costs incurred?

EDF Energy would however question why NGG would reassess the costs following experience from the coming winter, when it is our understanding that the mechanism proposed in modification 150 was an interim solution for this winter. It would appear more appropriate for NGG to develop an enduring solution with the rest of the industry and then reassess the charging methodology in light of this proposal. We would also note that we expect the demand for the transfer service to be much greater this winter than in future winters. This is due to the Easington constraint and the regulatory impact associated with Ofgem’s sudden changes to the entry capacity baselines as part of the TPCR with insufficient warning or consultation. It would therefore appear that whilst historical demand for this service will be useful in identifying future levels of demand it is not clear that there will be a perfect correlation between the two.

I hope you find these comments useful, however please contact me should you wish to discuss these further.

Yours sincerely

A handwritten signature in black ink that reads 'Stefan Leedham'.

Stefan Leedham
Gas Market Analyst
Energy Regulation, Energy Branch