

Andrew Fox
National Grid Transmission
National Grid House
Gallows Hill
Warwick
CV34 6DA



23 March 2009

Dear Andrew

EDF Energy response to NGG Consultation on: “NTS Exit Capacity Release Methodology Statement (ExCR)”.

EDF Energy welcomes the opportunity to respond to this consultation. We support the introduction of the proposed ExCR.

In general we believe that the proposed ExCR represents the discussions and proposed intentions of Modification Review Group 0166 and Modification Proposal 0195AV. However we have concerns with some particular points that are contained within the ExCR that we believe need reviewing and developing prior to submission to Ofgem.

In particular we would note that NGG are proposing a 4 year User Commitment for any ARCAs signed in the transitional period to be consistent with the enduring arrangements. However NGG appear to be choosing to adopt the most favourable elements of the enduring regime. We would therefore expect NGG to make a firm commitment to offer an ARCA within 90 days and to accept the same securitisation as currently covered within the UNC. This would also be consistent with the enduring regime.

We would also note that in Part A Paragraph 21 of the ExCR NGG note that full details of the User Commitment will be detailed in the ARCA. However there are no details either within the ExCR or the ARCA as to what tools are acceptable to NGG for securitising the User Commitment, with Clause 5.2 of the ARCA providing sole discretion to NGG as regards acceptable security tools. Given the requirement to be consistent with the enduring period, it would appear that UNC security tools should be acceptable, however it would be beneficial were this to be explicit either within the ExCR or ARCA.

Finally we would note that in Part B Paragraph 74 of the ExCR NGG appear to have introduced a new definition of the User Commitment introduced as part of 0195AV. We would note that in the Final Modification Report (FMR) for 0195AV the intention of the User Commitment was to pay 4 years worth of transportation charges. However Paragraph 74 introduces the requirement for Shippers to pay a User Commitment Amount equivalent to 4 years worth of indicative exit capacity charges, which the Shipper would have to “top up” if their actual charges turned out to be lower than their indicative charges. This appears to be inconsistent with the principles of 0195AV, which stated that the User Commitment “would oblige the User to pay for the NTS Exit

Capacity Charges for each of these Gas Years”, and also inconsistent with the User Commitment for incremental entry capacity detailed within the IECR. We therefore believe that this needs reviewing and developing prior to submission to Ofgem.

I hope you find these comments useful, however please contact my colleague Stefan Leedham (Stefan.leedham@edfenergy.com; 020 3126 2312) if you wish to discuss these further.

Yours sincerely

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

Dr. Sebastian Eyre
Energy Regulation, Energy Branch