

Bob Fletcher
UNC Panel Secretary
31 Homer Road
Solihull
West Midlands
B91 3LT

07 May 2010

Dear Bob

EDF Energy response to UNC Modification Proposal 0290: "To facilitate the release of Additional NTS Exit (Flat) Capacity at National Grid NTS' Discretion".

EDF Energy welcomes the opportunity to respond to this UNC Modification Proposal. We support implementation of Modification Proposal 0290.

This is a straight forward modification proposal to allow NGG NTS to release additional annual NTS Exit Capacity above the baseline where it is available. We believe that this will help to ensure that all requests for additional annual NTS Exit Capacity that can be met within the constrained period are facilitated and help to ensure the economic and operation of the system by ensuring that it is utilised to its full capacity. We would note that this is consistent with the arrangements in entry capacity, which appear to have worked well despite Shippers' initial concerns of providing too much discretion to NGG NTS.

We are not convinced that the proposed User Pays funding arrangements are appropriate. However given that this is expected to be a zero cost change, we do not believe that this is material to the proposal. Were this to change, and significant costs incurred then we would expect Ofgem to scrutinise why these costs were incurred and whether they were efficient and economic.

In relation to the Modification Proposal EDF Energy would make the following specific comments:

2. User Pays

EDF Energy recognises that currently there are two definitions of a User Pays Modification Proposal. This proposal meets the definition of User Pays currently adopted by NGG. We believe that it would be beneficial were clarity to be provided by Ofgem on what they believe is, and is not a User Pays Modification Proposal.

EDF Energy disagrees that this proposal should be funded 50% by Shippers and 50% Transporters. In particular we would note that NGG NTS is incentivised to maximise the release of NTS capacity. Given that NGG NTS will benefit from implementation of this proposal through increased revenues,

we believe that this should also be reflected in the funding arrangements so that NGG NTS funds this in its entirety.

EDF Energy is not convinced that the targeting of costs to Shippers based on their capacity holdings is appropriate. The concept of User Pays was to target costs at those who were choosing to utilise this service. This would suggest that costs should be targeted at Shippers who apply for, and are allocated annual NTS Exit Capacity in excess of the baseline at the exit point. However given that this is looking to recover zero costs this is a secondary issue.

As previously noted we would have significant concerns were the costs of implementation of this proposal to be significant requiring the application of a User Pays charge to Shippers. In this instance we believe that the costs should be subject to significant scrutiny from Ofgem who should also take a view as to whether they were economically and efficiently incurred.

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 this response further.

Yours sincerely

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

Dr. Sebastian Eyre
Energy Regulation, Energy Branch