

Bob Fletcher
UNC Secretary
Joint Office of Gas Transporters
31 Homer Road
Solihull
B91 3LT

07 December 2010

Dear Bob

EDF Energy Response to UNC Modification Proposal 0347: "Amend NTS Exit Capacity Assignment Start Date".

EDF Energy welcomes the opportunity to respond to this consultation. We support implementation of this modification proposal however; we disagree with the proposed funding mechanism for the proposal.

As identified in the modification, the intention of this proposal is to bring forward the assignment start date so that assignments can occur prior to the start of the July application window. This will enable Shippers to assign capacity between them prior to the application window; reduce the number of applications and reductions that may be expected in this window and so reduce the work required to assess these by National Grid. This will also avoid the need for Shippers to enter into capacity assignment contracts, as if assignment does not take place Shippers will still be able to correct their position in the July application window. However, it should be noted that we expect this benefit to be marginal as most Shippers who will be relying on an assignment process will already have entered into a commercial contract to secure their rights. Finally this proposal will provide comfort to Shippers that in instances when assignment has failed for whatever reason, there will still be an opportunity in the July application window to ensure that their commercial requirements are covered.

In addition to the relevant objectives identified in the modification proposal we believe that implementation of this proposal will facilitate Objective A11.1 (a): the efficient and economic operation of the pipeline system. Furthermore, we note that without implementation of this proposal there is a risk that an assignment does not take place after August 2011, as a result of which the Shipper requiring the capacity will have to make an ad hoc application (if spare capacity is available). As the window for reducing capacity has passed this would result in an increase in the capacity booked at the relevant exit point. This would artificially constrain capacity from the system and so would not be beneficial to the economic and efficient operation of the pipeline system.

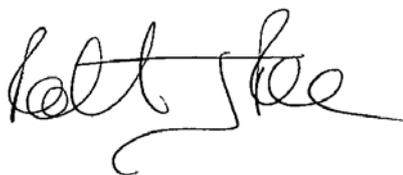
As highlighted above, we disagree with the proposed funding mechanism for this proposal. Specifically, there appears to be benefits to National Grid through implementation of this proposal.

Following the User Pays Guidelines this suggests that 25% of the costs should be targeted at National Grid. In addition we believe that any costs should be targeted at Shippers who use the assignment process and not at Shippers in general. This will ensure that costs are correctly targeted at those who are using the service and would be aligned with Ofgem's decision on the ACS associated with UNC Modification Proposal 0276. Although we note that, as the costs of implementation are expected to be zero, this is not a material issue for this proposal.

Finally, we believe that implementation of this proposal may create a contractual risk on Shippers who have already entered into an assignment contract, if the contract is based on the existing August assignment date. Whilst we are not aware whether this is an issue or not, we note that the effect could be that a contract becomes invalid and so a previously contracted position becomes un-contracted, increasing Shippers' risk.

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 black ink, appearing to read "Rob Rome".

Rob Rome
Head of Transmission and Trading Arrangements
Corporate Policy and Regulation