



## EDF TRADING

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Richard Miller  
Gas Transmission Policy  
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Dear Richard

### Ofgem consultation on "Review of NTS Entry Charge Setting Arrangements – Impact Assessment"

EDF Trading agrees with Ofgem's assessment that the suite of UNC Modifications for entry capacity charge setting should be rejected.

In responding to the original UNC consultation we highlighted that if the proposals were implemented:

- There would be an inappropriate balance between long term and interruptible capacity products which will have a disproportionate impact on different groups of shippers
- Access to interruptible capacity would be restricted therefore undermining the efficient and effective operation of the wholesale market
- Shippers' ability to retain flexibility to secure short term (interruptible) capacity to flow gas in response to changes in fundamentals would be restricted
- Liquidity would fall in the UK wholesale gas market – undermining its position as the leading gas market in the EU
- The arrangements would be inconsistent or at least prejudice work being undertaken on capacity at an EU level through the 3<sup>rd</sup> Energy Package

In addition, it is worth highlighting that the reserve price for entry capacity should be related to the marginal cost of making that capacity available. As there is limited, if any, cost with making short term capacity available then the charging methodology and reserve price should reflect this.

There should also be no restrictions with making spare capacity available to shippers – and we agree with Ofgem that proposal 0285 would undermine this objective and lead to inefficient network utilisation and lower liquidity. We also agree that in that there is no need to price in the likelihood of interruption into the reserve price as this will be reflected in shipper bids in the auction process.

If you have any questions regarding this response, please do not hesitate to contact me.

Yours sincerely

**Cemil Altin**  
Head of Regulation