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Dear Sonia

Gas distribution network Sales – consultation on network code arrangements

EDF Energy welcomes the opportunity to comment on Ofgem's consultation which coincides with Transco's urgent network code modification 745. However, we do not believe that the industry has been given the appropriate amount of time under the consultation guidelines¹ to respond to what is a substantial issue. The consultation covers several substantial documents which all need to be reviewed and their interactions understood, as they will form the basis of our new contractual relationship with Transco and potential Distribution Network Operators (DNOs) if the sale proceeds. We believe that a minimum of six weeks would have been more appropriate given the fact that the consultation also straddles a major holiday period.

We are therefore disappointed that Transco and Ofgem agreed on the "urgent modification route" to introduce the new contractual and governance framework arrangements despite having worked on it for over a year now and knowing for several months now that hive down had been planned for May 2005. We believe Transco should have given their Blackwater project to sell 4 of their DNs and the industry the appropriate amount of time and consideration that a project of this size merits. Review Group 719 "Changes to the Network Code to facilitate the sale of gas distribution networks" would have been a more appropriate vehicle to implement this level of change, especially since it was raised last September.

We have therefore commented on Transco's Uniform Network Code legal text as published on the 4th March 2005 but reserve our right to make further changes to our response in light of progress we will make in reviewing all the documents prior to the consultation deadline on the 12th April 2005.

We have also written to Transco on a similar basis highlighting our issues with both process and their UNC legal drafting.

¹ Ofgem's Consultation Guidelines, June 2002

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If you have any queries about EDF Energy's position or would like to discuss any of these comments further, please do not hesitate to contact me on 020 7752 2522.

Yours sincerely

John Costa
Regulation & Market Infrastructure