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Dear Indra

New Entry Arrangements for Connecting to the Gas Distribution Network

EDF Energy welcomes the opportunity to respond to this consultation and wishes to make the following response in relation to the long term arrangements for connecting to the Gas Distribution Network (GDN).

Question 1: Is a modification of the GDN's gas transporters' licence the best way for Ofgem to implement a contractual approach for new commercial and regulatory arrangements for GDN entry points?

EDF Energy believes that a modification to the GDN's gas transporters licence is the best way for Ofgem to implement the contractual approach as the alternative methods identified by Ofgem do not appear to provide sufficient scope for Ofgem to provide a dispute resolution mechanism. Further by modifying the GDN's Gas Transporters Licence Ofgem will provide a transparent framework detailing the key principles with which the GDN's must comply with when entering into contractual entry arrangements. We believe this will add clarity and transparency to the process and so ensure there are no barriers to entry to potential entry points.

Question 2: What are the views of interested parties about the key issues relevant to GDN entry arrangements?

EDF Energy recognises that the key issue associated with GDN entry arrangements is the requirement for each GDN to ensure they offer equal and equivalent entry terms for each GDN entry. We further believe that:

- GDNs should offer the maximum capacity available without reinforcement works on a firm basis to new entry points with any additional capacity required available on an interruptible basis. Any firm capacity required that would require further reinforcement should follow a process similar to that for new connections with the GDN entry point required to contribute to some of the cost for reinforcement.
- If firm capacity is made available to an entry point EDF Energy believes that it is appropriate for the shipper to pay entry capacity and commodity charges, whilst interruptible capacity would only incur the entry commodity charges to reflect the additional rights that a firm capacity holder will have over an interruptible one.
- The transportation and connection revenue should be included within the price control, with any contribution from the GDN entry point excluded from

revenue in line with the existing connections revenue and not included in the RAV at the next price control.

- We believe that any gas entered at a GDN Entry Point should be recognised for trading at the NBP in line with the current arrangements. This will ensure that there are no perverse incentives for an entry point that may wish to connect to a GDN to connect to the NTS solely so that it can access the NBP.

Question 3: Are there any further key issues not discussed in this document that should be considered?

EDF Energy would welcome clarity from Ofgem as to whether the contractual terms should be equivalent across GDNs? We recognise that the detailed terms may differ due to differences in network configuration, but feel that the high level terms should be common to aid transparency and ensure there are no incentives to connect to a particular GDN.

Question 1: Is there any reason why the three existing GDN entry points should not in due course have the same commercial and regulatory arrangements as new GDN entry points?

EDF Energy is unable to identify why any existing GDN entry points should be treated differently to new GDN entry points in the future.

Question 2: How should a timely transition to the new arrangements be facilitated while preserving existing entry capacity rights?

EDF Energy believes that a simple transparent mechanism needs to be put in place to ensure a simple timely transition to the new entry arrangements for sites already connected to a GDN. In relation to the Hatfield Moor and Wytch Farm sites this may be best achieved by migrating these facilities to the new arrangements from their expected commencement in October 2007.

Yours sincerely

Stefan Leedham
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