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Ofgem
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29 July 2009

Dear Mark

Review of Industry Code Governance – Environment and Code Objectives

Thank you for the opportunity to respond to the consultation on the environment and code objectives.

EDF Energy believes it is not necessary, and indeed would be disproportionate, to amend the existing licence conditions in relation to the environment and code objectives.

We do accept that the code panels should try to assess, and take account of, CO2 emissions, where this would be appropriate and proportionate.

We believe there are modification proposals where, although in theory there may be impacts on CO2 at several removes from the core effect of the modification, the BSC or CUSC working groups would be quite the wrong place for any attempt to assess such effects. Imbalance cashout change proposals are a good example. The people who comprise working groups in relation to imbalance cashout change proposals have deeply-felt views on what is economically correct and optimal, typically with rather polarised views on the merits of a change proposal and with widely divergent views on its effects on the wholesale generation, trading and supply environment. Such change proposals are complex and time-consuming to assess. Asking the people who comprise working groups to additionally attempt to identify CO2 impacts at several removes from the core impact of the modification is just not realistic, and would effectively paralyse the working group. The best and indeed only appropriate party to assess the CO2 impacts of such modifications would be Ofgem and its consultants.

There are other modification proposals, such as on the charging for transmission losses, where the CO2 effects are not so distant from the core effect of the modification, where it would be appropriate for the working group to assess the CO2 effects.

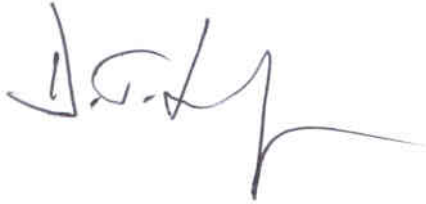
We do not believe that a transmission licence change is required. If however one were proposed, the wording should include the qualifier “where relevant and appropriate” rather than merely “where relevant”. Moreover it should be restated to refer only to CO2; while SF6 used in some switchgear is also a very potent greenhouse gas, its emissions are separately regulated and the BSC and CUSC working group community have no ability whatsoever to determine the very indirect effects, if any, of change proposals on SF6 leakages.

We wish to restate our previous view (and note Ofgem’s agreement with other previous respondents who have stated this previously), that it is not proportionate to require industry to take account of public policy issues such as visual amenity, the landscape and

flora and fauna, particularly where there exists a planning framework which should help to ensure that these issues are assessed and consulted on.

If you have any queries on this response, please do not hesitate to contact Paul Mott on 020 3126 2314 or myself.

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Linford".

Denis Linford
Corporate Policy and Regulation Director