

Bogdan Kowalewicz  
Gas Transmission  
Ofgem  
9 Millbank  
London  
SW1P 3GE



19 February 2010

Dear Bogdan

**Proposed disposal of part of National Grid's National Transmission System for Carbon Capture and Storage: Publication of independent studies by Wood Mackenzie and Poyry Energy Consulting – open letter.**

EDF Energy welcomes the opportunity to respond to Ofgem's Open Letter on the independent studies undertaken in response to National Grid's proposal to dispose of part of the NTS for CCS developments.

EDF Energy supports the need for diversity in the UK's energy mix, and therefore believes there could be a role for clean coal alongside new nuclear, renewables and gas. We fully support the UK Government's ambitions to reduce CO<sub>2</sub> emissions and believe that the decarbonisation of electricity supply is essential to deliver the long term reduction targets. Robust policy frameworks, including a long term CO<sub>2</sub> price signal, should be the primary driver to stimulate investments in low carbon and carbon free technologies on a level playing field.

We support the introduction of a regulatory regime to enable CCS deployment. However, any regime and asset sale should ensure that there are no cross subsidies between CCS and gas transportation. Additional support or subsidies for CCS should be delivered by a well-designed, transparent market that gives visibility on long term CO<sub>2</sub> abatement costs. The arrangements should therefore ensure that gas Shippers are not exposed to increased System Operator costs in the long run and that an appropriate value is attributed to the assets which are then removed from National Grid Gas' (NGG's) RAV. The independent reports published indicate that gas Shippers should not be exposed to increased System Operator costs as a result of the disposal of these assets. We therefore believe that Ofgem's focus should move to ensuring that an appropriate value is attributed to these assets.

In addition EDF Energy would seek clarity on the following issues and how these will be resolved:

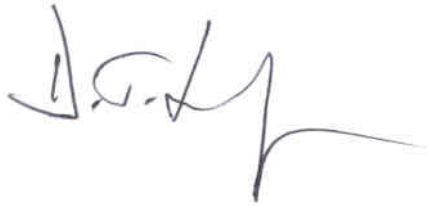
- Use It or Lose It (UIOLI) arrangements. As recognised by NGG the section of pipeline identified is capable of transporting a significant amount of CO<sub>2</sub>. We would therefore seek clarity as to how interested parties could seek access to this capacity and what measures will be in place to prevent the hoarding of capacity.
- Health and Safety implications. We would note that the characteristics of CO<sub>2</sub> are different to those of methane in that CO<sub>2</sub> is heavier than air and so in the event of a

leak there is a risk that it could accumulate. We would therefore seek clarity as to how this would be addressed and resolved.

- Corrosion. CCS is in the very early stages of development and there is limited knowledge on the impact that transporting CO<sub>2</sub> can have on the corrosion rates of pipes. We therefore seek clarity as to whether NGG will be imposing quality requirements on CO<sub>2</sub> being transported and what would happen in the event that a CO<sub>2</sub> source did not meet these requirements.

If you would like to discuss any of the issues raised in this response please contact Stefan Leedham ([Stefan.leedham@edfenergy.com](mailto:Stefan.leedham@edfenergy.com); 020 3126 2312).

Yours sincerely,

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

**Denis Linford**  
Corporate Policy and Regulation Director