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Dear Stuart

## Gas Shipper Entry Credit Arrangements

EDF Energy welcomes the opportunity to respond to this consultation. We support Ofgem's proposed licence changes to address these specific issues.

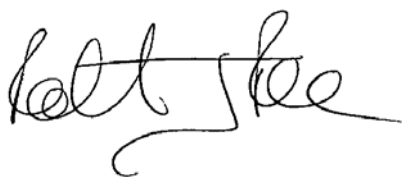
As recognised by Ofgem in the consultation the 0246 suite of modification proposals sought to address 2 specific issues – the ability for Shippers to default on their credit requirements under the UNC without incurring any penalties, and the time between booking long term entry capacity and the requirement to lodge any credit to cover this. We believe that both of these issues sought to ensure that Shippers would not speculatively bid for entry capacity. However, they did not address the unforeseen issue where a revenue driver is triggered but no investment or obligations has been realised by NGG NTS. We believe that such a scenario might result in NGG NTS receiving monies that the price control is designed to protect against.

For clarity, we believe it is important that NGG NTS earns returns reflective of its risk profile on efficient investments that it makes. As such the ability for Shippers to raise Income Adjusting Events (IAEs) for consideration by the Authority is important. This will ensure that NGG NTS is rewarded for its investments and also remove the chance of shippers having to fund NGG NTS for delivering investment that does not materialise. We further note that this amendment provides clarity on the circumstances when Shippers can raise an IAE and does not foreclose the Authority's decision on the validity of an IAE. It would therefore appear that there is sufficient protection in place to provide comfort to NGG NTS on these issues.

Finally we believe that the proposed amendments are made to NGG NTS' Licence by October 2010 and at the very latest by July 2011 to ensure that the requirements under Standard Licence Condition C8C 3 (b) vi do not result in the ability for a Shipper to raise an IAE to be timed out. However, it may be beneficial for Ofgem to clarify whether Shippers would be expected to raise an IAE for each formula year when the revenue driver was incurred, or whether a single IAE would be sufficient to cover the relevant period.

I hope you find these comments useful. Please contact Stefan Leedham ([Stefan.leedham@edfenergy.com](mailto:Stefan.leedham@edfenergy.com), 020 3126 2312) if you wish to discuss this response further.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Rome".

Rob Rome  
Head of Transmission and Trading Arrangements  
Corporate Policy and Regulation