

Paul Branston
Cost & Outputs
Local Grids
Ofgem
9 Millbank
London,
SW1P 3GE

2 September 2011

Dear Paul,

Proposed process for the determination of re-opener applications in respect of a Traffic Management Act income adjusting event under the first gas distribution price control review

Thank you for the opportunity to comment on the proposals.

EDF Energy is one of the UK's largest energy companies. We provide 50% of the UK's low carbon generation. Our interests include nuclear, coal and gas-fired electricity generation, renewables, combined heat and power plants, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including both residential and business users.

In considering our response we understand that the current gas distribution price control allows the gas distribution network operators to apply to adjust their revenues to accommodate costs associated with the Traffic Management Act 2004 and the Transport (Scotland) Act 2005 if the costs associated with the implementation of this new legislation are in excess of one per cent of their base revenues.

In your consultation you ask two questions.

Question 1: Do you agree with the overall approach we plan to take and our timetable?

The total gross claim for the full price control period (2008-2013) by the three GDNs amounts to an additional £92.5 million. We would ask that Ofgem consider the period of time that this amount can be recovered over, allowing Shippers the time to factor the additional charges into their contracts. As the decision will not be published until December 2011 we would not expect this additional amount of revenue to be recovered from charges until 2013 and then for it to be phased over a period of time.

Question 2: Do you agree with our methodology for assessing the efficiency of GDNs in dealing with the impact of TMA?

The proposed methodology appears appropriate for assessing the efficiency of GDNs in dealing with the impact of the TMA.

I hope you find these comments useful, however if you wish to discuss this response further please contact either of my colleagues Simon Vicary (simon.vicary@edfenergy.com 020 3126 2168) or Julia Haughey (julia.haughey@edfenergy.com 020 3126 2167).

Yours sincerely,

A handwritten signature in blue ink, reading "Paul Delamare".

Paul Delamare
Head of Regulation