

Mick Watson
Cost & Outputs
Distribution
Ofgem
9 Millbank
London
SW1P 3GE

21 November 2011

Dear Mick,

Consultation on minded –to position for the determination of re-opener applications in respect of additional income associated with the traffic Management Act (and transport of Scotland Act) under the first gas distribution price control review.

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 5 million electricity and gas customer accounts in the UK, including both residential and business users.

EDF Energy welcomes the opportunity to respond to this consultation. We are happy for this letter to be published on the Ofgem website.

Without predictable and stable charges we are exposed, as a Supplier, to the risk of cost volatility. To avoid having to charge our customers an additional premium to cover this risk we need gas distribution charges to be predictable, with reasonable advance notice of any changes. With this in mind our responses to the three questions asked are as follows.

1. Do you agree with the proposed adjustments to the revenues associated with TMA for the three GDN's, North London, Southern and Scotland?

We would expect only additional revenue that is associated with efficient expenditure to be recovered.

2. Do you agree with the proposed principles that have been set and that these should be applied to future TMA re-openers and price controls?

If one of the proposed principles is to give shippers 5 months notice of unexpected changes to Gas charges then we do not support the principles. Shippers are pricing contracts up to several years ahead and are exposed to cost increases at short notice as they cannot be reflected in the customer charges.

3. Do you agree with the timeframe within which it is proposed that additional revenues will be recovered?

We understand the rationale to recover the additional expenditure in this price control rather than in the next but very short notice has been given for the change. We would like re-openers to be recovered over a number of years not just in the final year of the price control so that shippers are able to recover the correct charges from customers.

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 0203 126 2168) or Julia Haughey (julia.haughey@edfenergy.com 0203 126 2167).

Yours sincerely,

A handwritten signature in blue ink that reads "Paul Delamare".

Paul Delamare
Head of Regulation
Corporate Policy and Regulation