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Clement Perry  
Ofgem  
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Dear Clement,

**Response to Ofgem's open letter on the option for Great Britain's implementation of the EU Network Code on Capacity Allocation Mechanisms at Bacton**

We welcome the opportunity to respond to your letter on the options for implementing the EU Network Code on Capacity Allocation Mechanisms (CAM) at Bacton.

**Options for splitting Bacton entry capacity**

Our view is that capacity should be split based on the technical capacity of the European interconnectors. This will ensure that maximum capacity is provided for bundling in line with CAM. Basing the split on maximum flow predictions from UKCS would not meet this objective. Other alternatives, like basing the split on historical flows, are unlikely to cater for future needs as flows change.

**Timing for splitting Bacton entry capacity**

Our view is that a split of the Bacton baseline should be implemented in November 2015, at the same time as CAM network code is implemented at the European IP ASEP. We do not see a benefit of implementing a split earlier than that. On the contrary, a split that will happen at an undefined point in time involves additional and unnecessary uncertainty for shippers. We also do not see a benefit in limiting shippers' flexibility of interchanging capacity between the UKCS ASEP and a European IP ASEP before it is necessary to do so as a result of CAM implementation.

**2 TSO vs. 3 TSO bundle**

It is difficult to judge whether a 2 TSO or a 3 TSO bundling option is the most appropriate, before the TSOs/Interconnectors publish more detailed proposals on how they would expect to implement their proposed option. Our view is therefore that the Concept Documents that should set this out are needed before either option can be evaluated fully by the industry.

If you have any queries on this response, please do not hesitate to contact me or Andrea Bonzanni (Andrea.Bonzanni@edfrading.com / 020 7061 4547).

Yours sincerely,



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