

Andrew Fox
Senior Commercial Analyst
Gas Charging and Access Development
National Grid House
Warwick Technology Park
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Warwick
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20 March 2013

Dear Andrew,

Consultation on The Exit Capacity Substitution and Revision Methodology Statement (ExCS)

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

We welcome the opportunity to comment on the ExCS. We note that in its consultation covering letter NGG NTS indicated that it proposed only minor changes of which the most significant are aligning the ExCS references and terminology to the RIIO-T1 Final Proposals; and deletion of superfluous wording in paragraph 37 as the initial application of the methodology has occurred.

However, we have identified changes to the ExCS that make changes over and above those listed in NGG NTS' consultation covering letter. We have also identified a number of formatting, editing and incorrect referencing issues which we believe should be clarified for the final version of the ExCS. These are set out in the attachment to this letter.

In the existing statement NGG NTS must consider capacity that has previously been substituted to an NTS Exit Point as substitutable where future quantities of capacity are unsold at that point (paragraph 18 (d)). NGG NTS has amended the wording so that it *may* consider as opposed to *will* consider this capacity for substitution. This change does not emanate from aligning the ExCS to RIIO-T1 but more a change to NGG NTS' role. Under the current methodology NGG NTS must consider this capacity, however the revised wording enables NGG NTS to use its discretion as to whether or not to substitute the capacity. This appears to be a change in principle to how capacity may be considered for substitution and we do not understand why this change is necessary.

NGG NTS has removed part of paragraph 37 which removes the requirement for the exchange rate limit to be reconsidered since the initial application of the ExCS. NGG NTS has also removed references that enable the exchange rate limit to be amended or

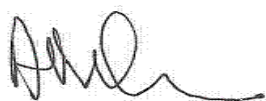
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removed during the annual review of the ExCS. We do not agree that this wording is superfluous as the exchange rate limit and the possible application of an exchange rate collar should be always be subject to revision if appropriate.

Some further issues are detailed in the table overleaf. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Natasha Ranatunga on 020 3126 2312 or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mark Cox".

Mark Cox
Head of Transmission and Trading Arrangements
Corporate Policy and Regulation

Additional Issues

	Reference	Comment
1	P4 - first bullet point	Align with the rest of the paragraph.
2	P11 – paragraph 16	An incorrect term has been used, it should state Funded Incremental Obligated Exit Capacity and not Funded Incremental Exit Capacity.
3	P13 – paragraph 26	<p>This paragraph directs the reader to NGG NTS' Licence Condition (under RIIO-T1) that sets an obligation for NGG NTS to create a methodology to determine revenue drivers. The previous ExCS referred readers to a specific list of exit points and revenues within NGG NTS' previous Licence Condition (TPCR4).</p> <p>We believe that this attempt to amend the references to reflect the new RIIO-T1 licence conditions has not been fully considered as it is not a 'like for like' reference change and is now confusing. This paragraph should be amended to provide clarity.</p>
4	P21 paragraph 70	<p>We believe that the referencing is ambiguous. It appears that it is referencing 5G.7 of NGG NTS' Licence which states 'The Licensee must keep each Exit Capacity notice'.</p> <p>Should it actually be referencing 5G.8? This states: 'The Licensee must provide the Authority with such additional information as the Authority reasonably requests for the purposes of considering an Exit Capacity notice made by the Licensee'.</p>