

Eddie Blackburn
Regulatory Frameworks
National Grid
National Grid House
Gallows Hill
Warwick. CV34 6DA.

Your ref GCM 05
Our ref
Name Steve Rose
Phone 01793 892068
Fax 01793 893981
E-Mail stephen.rose@rwenpower.com

10th September 2009

NTS GCM 05: NTS Exit (Flat) Capacity & Exit Reform

Dear Eddie,

RWE npower welcomes the opportunity to comment on the above consultation and does so on behalf of all its licensed gas businesses.

We are broadly supportive of National Grid's proposed changes as they are consistent with the principles incorporated into the NTS Charging Methodology following the adoption of the transportation model, brought about through GCM01.

We would however make the following points regarding the proposed changes.

- 1) Whilst we understand the logic of basing demand data on Prevailing/Enduring NTS Exit (Flat) Capacity holdings we believe that Annual NTS Exit (Flat) Capacity holdings should also be taken into account. The combination of these two holdings is, in our opinion, likely to represent the best proxy of a User's anticipated peak day usage for a particular gas year, and should therefore ensure that charges are set at the most cost reflective level.
- 2) It is not entirely clear to us how Annual NTS Exit (Flat) Capacity charges will apply in the event such capacity is released through an Annual Application Window (as proposed under Mods 195 & 195AV). If Annual NTS Exit (Flat) Capacity is applied for in gas year N and allocated for gas year N+3, will the charge the User ultimately pays be based on the charge calculated in gas year N based on the transportation model for gas year N+3 or the charge calculated in gas year N+2 for the forthcoming gas year N+3 (as per the Prevailing/Enduring charge). This issue has parallels with whether the user commitment applicable to Prevailing/Enduring NTS Exit (Flat) Capacity should be based on charges calculated at the time the commitment is made or charges prevailing through the period of commitment, and it would be sensible to ensure consistency of approach in both these aspects.
- 3) As regards setting NTS Exit (Flat) Capacity charges at nodal level, whilst we support this approach in principle we remain concerned that this could lead DNs to fundamentally re-appraise how they pass on the costs of NTS exit capacity to their LDZ connected customers. Any move away from charging LDZ connected customers based on their LDZ Exit Zone will have a material impact on shipper/supplier registration and billing systems, which is something we would strongly

RWE npower

Trigonos
Windmill Hill Business
Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

T +44(0)1793/87 77 77
F +44(0)1793/89 25 25
I www.rwenpower.com

Registered office:
RWE Npower plc
Windmill Hill Business
Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

Registered in England
and Wales no. 3892782

resist. We had hoped to have heard DN's initial views on this issue by now but in the absence of such views we reserve the right to reject the nodal approach proposed in this consultation.

Yours sincerely,

Steve Rose*
Economic Regulation

*sent by e-mail and therefore unsigned