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**NTS GCM 11: Retrospective Negative TO Entry Commodity Charge
November 2007**

Dear Eddie,

We welcome the opportunity to comment on the issues raised in this discussion paper. This response reflects the views of RWE npower and the UK based business of RWE Trading GmbH.

We support the proposals put forward in GCM11 and believe that they represent an improvement over the existing arrangements. Introduction of a mechanism to manage residual TO entry revenue over-recovery will complement the buy-back offset mechanism and the proposed TO entry commodity rebate mechanism (GCM10). We also consider that the application of GCM11 should be as described by the mechanism set out in the consultation paper, as this will ensure that costs and revenues are accurately targeted and allocated.

Regarding the level of the TO Commodity charge itself, we agree that there should be a de minimis of £1m and that, when combined with the SO Commodity charge, the net charge should not lead to a credit for Shippers. Applying the charge retrospectively will also avoid the additional complication of forecasting the level of any charge against the background of uncertain ex ante auction revenues.

Given that an understanding of any over-recovery mechanisms is an important component in shippers understanding the entry capacity regime overall, we would urge Ofgem to take a timely decision on this and other outstanding pricing consultations.

We hope these views are helpful and if you wish to discuss them further please contact Steve Rose on 01793 892068 or myself on 01793 893983.

Yours sincerely,

By Email so unsigned

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