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Your ref NTS GCM 15
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NTS GCM 15: User Commitment & Entry Capacity Cancellation Fees April 2009

Dear Debra,

We welcome the opportunity to comment on the issues raised in this consultation document. This response is provided on behalf of the RWE group of companies, including RWE Npower plc and RWE Supply and Trading GmbH.

The proposed NTS Charging Methodology change set out in this consultation document will only be required should UNC0246¹ or either of its variants be implemented. UNC0246 will introduce a capacity cancellation fee and GCM 15 will ensure that any revenue recovered via the capacity cancellation fee is correctly treated within the price control framework.

Given the entry capacity regime, it is necessary to distinguish between TO and SO revenues and we agree that cancellation fees in respect of baseline entry capacity should be treated as TO entry revenue and reduce TO Entry Commodity Charges and that cancellation fees in respect of incremental and non-obligated entry capacity should be treated as SO revenue (in the case of incremental entry capacity for 5 years) and result in reduced SO Commodity Charges (Entry & Exit).

As Ofgem has already confirmed that there will be a Regulatory Impact Assessment on UNC0246. National Grid should, if practicable, align the proposed implementation schedule for GCM 15 with the RIA timetable and any subsequent Ofgem decision.

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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¹ 0246/0246A/0246B Quarterly NTS Entry Capacity User Commitment