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15th May 2009

GCM 17 – QSEC New ASEP NTS Entry Capacity P0 Pricing

Dear Eddie,

RWE npower welcomes the opportunity to comment on the above consultation document and does so on behalf of all its licensed gas businesses and its sister company RWE Supply and Trading GmbH.

We agree that it seems inappropriate to set the P0 prices for new entry points at zero as this provides users with the opportunity to book quarterly strips of firm capacity for free in the QSEC auctions, which they otherwise would have to acquire in later auctions at non zero reserve prices or in daily interruptible strips. This ultimately leads to SO and TO Commodity charges being inflated and the fact this consultation has highlighted such opportunities exist is likely to increase the prevalence of future occurrences over and above the three instances there appear to have been to date.

To this extent we agree that it is appropriate to calculate P0 prices consistently for all entry points, both new and existing, and that this change is implemented from 1st July 2009 such that it applies to the next round of QSEC auctions, whenever they may be.

Please do not hesitate to contact me if you wish to discuss our response in more detail.

Yours sincerely,

Steve Rose*
Economic Regulation

* sent by e-mail therefore unsigned

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