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22nd March, 2011

NTS Exit Capacity Release Methodology Statement (ExCR) in respect of the Transitional and Enduring Exit Periods February 2011

Dear Andrew

We welcome the opportunity to comment on the proposed Exit Capacity Release Methodology Statement (ExCR). This response is provided on behalf of the RWE group of companies, including RWE Npower plc and RWE Supply and Trading GmbH.

Having considering the proposed changes and clarifications, we agree that overall the draft Statement contains a clear explanation of the way in which National Grid will release exit capacity in both the transitional and enduring periods.

Our major concern is in relation to the revenue driver/Licence provisions. The ExCR identifies the importance of agreeing Licence revenue drivers with the Authority, identifying investment lead-times and including the NTS Exit Point in the Licence before incremental obligated exit flat capacity will be offered. Although we accept that this is predominantly a matter for Ofgem and National Grid, the requirement for Users and Reservation Parties is to acquire exit capacity in a timeframe that is aligned with their project developments. As a minimum, there should be a process time-line included in the ExCR, setting out each party's obligations, for initiating the relevant Licence-related processes. This will provide a level of transparency around the process itself and give developers confidence that project timescales will be met.

Supplementary Consultation

Our current view on the options presented is to support option 3, subject to the final outcome of the current charging methodology changes being considered. At this stage, we would be reluctant to

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start unpicking the exit capacity arrangements before the Enduring Regime commences from October 2012. Options 1 and 2 both require finessing the User Commitment obligations and introducing additional rules in response to a specific circumstance and this may set an unwelcome precedent. We agree with National Grid that changes could be proposed as part of the next review of the ExCR in 2012.

If you wish to discuss any aspect of our response, please do not hesitate to contact me.

Yours sincerely

By email so unsigned

Charles Ruffell
Economic Regulation