

Andrew Fox
National Grid
NG House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Your ref
Our ref
Name Stephen Rose
Phone 01793 892068
Fax 01793 892981
E-Mail stephen.rose@rwenpower.com

14th March 2008

Consultation on NTS Exit Capacity Release Methodology Statement (lexCR) in respect of the Interim and Transitional Periods

Dear Andrew,

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

The methodology statement being proposed remains fundamentally the same as the methodology statement currently in place and as such we have no concerns regarding the proposed changes.

However, we would like to make the following points about the wording used and principles contained within the statement.

Paragraph 34 of the statement refers to instances where shippers require incremental exit capacity that requires NG to make investment, and as such is covered by an ARCA. Whilst shippers should be encouraged to apply for such capacity at least 38 months beforehand, to tie in with the typical investment lead times, we believe it should be made clear within this paragraph that NG will still use their reasonable endeavours to accommodate incremental capacity requests even if the investment is required within a shorter timescale. The typical investment lead time of 38 months, which has been recognised in National Grid's licence with effect from the start of the enduring period, simply reflects the typical timescale for undertaking investment in accordance with National Grid's annual investment planning and construction process. However there may be, and indeed have historically been, many occasions where National Grid is able to provide incremental capacity within shorter lead times than 38 months. Whilst National Grid are not financially incentivised to make incremental capacity available earlier during the transitional period (unlike during the enduring period), their wider licence and statutory obligations do, we believe, require them to use reasonable endeavours to make it available earlier if required and if reasonably possible.

Paragraph 34 uses a double negative and we believe the last section of this paragraph would be better expressed as "i.e. whether there is any NTS investment that would be required if the incremental capacity was supplied".

It is not clear whether Paragraph 40 relates to an ARCA that has been referred to Ofgem (paragraph 39) but is still not signed, or to any ARCA that is not signed.

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

Also it is not clear whether a shipper would be allowed to reserve capacity up to the level which is available without investment if an ARCA remains unsigned, or whether they will only be allowed to book capacity up to that level 6 months prior to requiring it.

Should you wish to discuss our comments in more detail please do not hesitate to contact me.

Yours sincerely,

Steve Rose
Economic Regulation

Sent by e-mail and therefore not signed