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■ **The Review of the "Incremental Entry Capacity Release (IECR) Methodology Statement" 2007 and Consultation on "The Entry Capacity Substitution Methodology Statement"**

Dear Jan,

RWE npower welcomes the opportunity to comment on the above option paper and does so on behalf of its licensed gas shipping businesses and the UK business of RWE Trading GmbH.

The current criteria for triggering release of incremental entry capacity have been in place for a number of years and, having been used to release incremental entry capacity on a number of occasions, are well understood by shippers.

In contrast the moves to establish an entry capacity substitution methodology (and a related trades and transfers methodology) as part of National Grid's latest price control is a more recent phenomenon which is yet to be tried and tested. As such there is a far lesser degree of understanding of how this will work in practice and what opportunities it may present to National Grid and the wider shipping community.

Whilst we accept that National Grid's adherence to the yet to be determined entry capacity substitution methodology statement may result in reduced, or no, actual incremental investment being made, we do not believe it is appropriate to alter the current criteria for triggering release of incremental entry capacity at this time.

We are therefore in favour of pursuing Option 1 as described in the paper. To the extent that options 2,3 and 4 are practicable bearing in mind the current QSEC auction timetable, which we doubt, their hasty implementation risks further discrediting the entry capacity regime whose credibility has been tarnished by recent events.

As regards the disadvantages that are perceived might be associated with Option 1 we doubt the extent to which this will create a significant barrier to entry for new projects, although reviewing these arrangements next year will provide an opportunity to assess this more fully. Also, whilst trades and transfers may not provide the certainty that some projects require we do not believe this is sufficiently strong a reason to warrant making rapid and fundamental changes to the current auction

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processes or user commitment/economic test now. Option 1 would allow further time to consider these issues properly and would also allow consideration to be given to the extent to which the criteria for incremental capacity release is, or should be, aligned at both entry and exit.

Yours sincerely,

Steve Rose
Economic Regulation

Sent by e-mail and therefore not signed