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Modification Proposal 0284: Removal of the Zero Auction Reserve Price for Within-day Daily NTS Entry Capacity (WDDSEC)

Dear Bob,

We welcome the opportunity to comment on this modification proposal. This response is provided on behalf of RWE npower and RWE Supply and Trading GmbH. We support implementation of this Modification Proposal.

We share industry concerns about the year-on-year increases in the level and volatility of the TO Entry Commodity Charge. The increase has been largely caused by the requirement to collect significant amounts of under-recovered income from entry capacity auctions. In part, this has arisen as a consequence of the volume of discounted daily entry capacity made available on both a firm and interruptible basis.

Removal of the zero auction reserve price for WDDSEC should increase the proportion of NTS TO entry revenue recovered through capacity charges and reduce the shortfall to be collected by the TO Entry Commodity Charge.

Implementation should also deliver wider competition benefits, including improving the distribution of charges between Users who acquire entry capacity over different timescales, and stimulating secondary capacity trading because discounted firm capacity will no longer be available.

We hope these views are helpful and would be happy to discuss matters further.

Yours sincerely

By Email So Unsigned

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