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Your ref 0036  
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**Modification Proposal 0036: Limitation of incremental capacity offered in QSEC auctions.**

Dear Julian

Thank you for inviting us to comment on this modification proposal.

RWE npower offers qualified support for modification proposal 0036.

Our preference would have been to not amend the IECR methodology statement parameters during the current price control period and have yet to see a compelling argument in support of the need to change. However, given that a change has been made, we support the principle of pre-auction certainty rather than allowing Transco NTS flexibility after the auctions and agree that this modification proposal aligns the UNC with the IECR statement.

We would wish to make two further observations:

1. Having determined that capacity delivery is to be delayed beyond three years, we believe that should Transco NTS fail to deliver against the extended time frame then it should face additional liability and not merely not invoice the affected shipper(s); and
2. The main argument for introducing this flexibility is for shippers and Transco NTS to avoid potentially high buy-back costs. We have consistently argued that for Transco NTS to make the efficient decision between investment and buy-back, it alone should be exposed to buy-back costs. We hope to discuss this matter as part of the upcoming Transmission price Control Review.

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

Yours sincerely

*By Email So Unsigned*

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## Economic Regulation