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Modification Proposal 0119: Amendment to the Entry Overrun Charge

Dear Julian

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

RWE npower supports implementation of modification proposal 0119.

We have consistently supported the “ticket-to-ride” principle for securing entry capacity ahead of flow and agree with the proposer that the existing UNC overrun charge calculation may not provide sufficiently strong incentives on users to avoid overruns. When the system is under stress, this creates problems for National Grid NTS in managing the system and can generate significant constraint management costs. In turn, these lead to adverse distributional effects between system users due to the neutrality smearing mechanism.

As drafted, the proposal retains a benign overrun price, as the marginal overrun price should only become effective once constraint management action is being undertaken. This helps to ensure that the price is reflective of the costs incurred and to target constraint costs on those that create them with less smeared back through neutrality.

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

Yours sincerely

By Email So Unsigned

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