

Mr. Julian Majdanski
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
Solihull
West Midlands
B91 3QJ

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

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Enduring Provisions for LDZ System Entry Points

Dear Julian,

RWE npower recognises that this modification proposal has been raised to provide enduring UNC arrangements for any new LDZ System Entry Points following implementation of a transitional solution through modification proposal 105 and following DNOs acceptance of Standard Special Condition D12.

The proposal seems broadly practical. However, as we are not directly impacted by it currently we have restricted our response only to making comments on the modification proposal, rather than directly supporting it or not.

In the event a DNO is unable to accept gas from an LDZ System Entry Point under this modification proposal they will be liable to pay shippers compensation equivalent to five times the applicable daily transportation charge. However, as pointed out in the modification proposal, transportation charges currently do not apply to LDZ System Entry points and may not do so in future. Therefore shippers could effectively receive zero compensation for a DNO's failure to accept gas. This seems somewhat at odds with compensation arrangements that would apply to Old LDZ System Entry Points who, at least in theory, would be able to seek appropriate compensation by offering their NTS Entry Capacity for buy back, to the extent this has been booked on a firm basis. It also seems at odds with compensation arrangements that apply at exit where despite compensation being based on a daily multiplier of the applicable Exit Capacity rate, a minimum level of compensation applies for non domestic NDM and DM Supply Points.

Consistent treatment of LDZ System Entry Points, whilst not necessarily possible or necessary in the short term, should be something transporters strive for in the medium to long term. To this extent Old LDZ System Entry Points should be encouraged to enter into the arrangements applicable to New LDZ System Entry points by transporters. Also, if Ofgem do approve this modification proposal they should make it clear that no new LDZ System Entry Point will be included in the NTS licence going forward and that existing Old System Entry Points will not be included in the NTS licence after a certain date.

Yours sincerely,

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

Steve Rose
Economic Regulation

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