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**Re: Proposed UNC Modification 0196: Alterations to Shipper Penalties for End User Failure to Interrupt**

Dear Julian,

RWE Npower supports the above Proposed UNC Modification. We agree with the Proposer's view that the existing arrangements are perhaps overly draconian.

Failure to Interrupt is undoubtedly a very serious matter, but we do not follow the existing logic whereby a User, being guilty of 5 or more failures to Interrupt in any one Gas Year, then has all its Interruptible Supply Points automatically redesignated as Firm. This would be the case even if these repeated failures to Interrupt took place at a single Interruptible Site.

For example, that one particular site which had repeatedly failed to Interrupt might have an issue specific to just that site which is preventing it from doing so. Although we reiterate our view that this is a serious matter, it does not seem just or logical to us that other, unaffected sites should be redesignated as Firm as a result of this site's repeated yet isolated failure to Interrupt. As Total point out in the Draft Modification Report, the Transporters have the right to physically isolate a Supply Point which is causing an HSE issue by failing to Interrupt and we fully support this.

As for Total's concern over a Transporter's "reasonable satisfaction" that a User has taken all "reasonable" steps to Interrupt but has still been unable to do so, we would like to point out that, from a legal point of view, the word "reasonable" is open to a considerable amount of interpretation. What the User might consider a reasonable effort to ensure Interruption takes place, despite the subsequent failure of this effort, might not be considered reasonable by the Transporter. This leaves scope for ambiguity of interpretation which is undesirable in an area as potentially important to network security on a tight day as Interruption.

We concur with Total's view that the current penalty rules for sites failing to Interrupt should remain in place, and that sites that fail to Interrupt when required to do so by the Transporter should be redesignated as firm. However, as previously stated, we are uncomfortable with the current "collective punishment" concept as contained in the Transportation Principle Document and feel that these penalties and automatic redesignations as firm should be applied *only* to the *specific* site or sites which have actually failed to Interrupt during the relevant Gas Year.

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Finally, It may also be worth stating our view that the current arrangements might even constitute a restraint to proper competition in the Interruptible market, as Users may be deterred from offering Interruptibility at multiple sites for fear of repeated failures to Interrupt at a single Interruptible site resulting in the entire Interruptible portfolio of that User being redesignated as Firm. This possibility is potentially a cause of both strategic and financial uncertainty to Users and we feel this can only have a detrimental effect on competition.

If you wish to discuss any points raised in this response further, please do not hesitate to contact me.

Regards,

Chris Hill

Gas Codes Analyst