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Re: Proposed UNC Modification Proposal 0235: "Recovery of Debt and Smearing of Revenues via Energy Balancing Neutrality"

Dear Tim,

RWE Npower supports the above Proposed UNC Modification Proposal.

We agree that this corrects the current inequity whereby a User could become liable for Neutrality Charges relating to the default of another User which took place in an earlier month. In much the same way as Modification Proposal 171 ensures that shippers are not unduly penalised or do not unduly benefit from a historical metering errors we believe this Modification Proposal achieves the same result as regards shipper defaults. Basing the methodology on allocations of gas flow across a different time period to that in which the default occurred could create market distortions that would arise through the allocation of windfall credits or significant charges. This could be regarded as a barrier to entry for new entrants and so the Modification Proposal facilitates the achievement of the relevant objective of securing relevant competition between relevant shippers.

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

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