

Cheryl Mundie  
Senior Manager, Transmission  
Office of Gas and Electricity Markets  
Cornerstone  
107 West Regent Street  
Glasgow  
G2 2BA

Your ref 04/10  
Our ref  
Name Charles Ruffell  
Phone 01793 89 39 83  
Fax 01793 89 29 81  
E-Mail charles.ruffell@rwenpower.com

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**Transmission Access Review – Enhanced Transmission Investment Incentives: Final Proposals  
January 2010**

Dear Cheryl,

We welcome the opportunity to comment on these Final Proposals. This response is provided on behalf of the RWE group of companies, including RWE npower, RWE Supply and Trading GmbH and RWE npower renewables, a fully owned subsidiary of RWE Innogy.

Ofgem has confirmed the framework it intends to adopt to fund the costs of transmission investment projects identified by the TOs. We are generally supportive of Ofgem's phased approach, with funding for relevant projects up to the end of 2011/12 confirmed and other planned investments over this period considered as additional information becomes available. The outputs from the RPI-X@20 project should address the funding arrangements beyond 2013 and within TPCR5 framework. The development of TPCR5 should include a review of all projects to ensure that a fully resourced and deliverable programme of works can be identified for funding.

We agree with Ofgem that, given the level of scrutiny and the strength of the needs case identified for these investments, there is not a case for altering the funding arrangements under TPCR4 as there do not appear to be additional risks. We have not undertaken a detailed review the legal text of the proposed licence changes, but they appear to reflect the intent of the approach.

Given the need for additional transmission infrastructure to connect renewable and conventional generation, the momentum within the Enhanced Transmission Investment Incentives project needs to be maintained. Clearly, the necessary licence changes need to be implemented and any funding for investments during the 2012/13 "roll-over" period confirmed. There is also a

RWE npower

Trigonos  
Windmill Hill Business  
Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

T +44(0)1793/89 39 83  
F +44(0)1793/89 29 81  
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

requirement to put in place the framework for 2013 and beyond, which will be informed by RPI-X@20. We have accepted that there may be merit in adopting different levels of incentives for funding projects that have materially different risk characteristics and that might be at higher risk of inefficient spend or stranding. This work needs to be taken forward as part of TPCR5 although we still strongly believe that any anticipatory investment within the price control framework has to be guided, at least in part, by user commitment.

We hope these views are helpful and if you wish to discuss any aspect of them in further detail, please do not hesitate to contact me.

Yours sincerely,

By email so unsigned

Charles Ruffell  
Economic Regulation