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**Open consultation letter: Income Adjusting Event for the Beaulieu-Denny Public Inquiry
June 2007**

Dear David,

We welcome the opportunity to comment on the issues raised in this Impact Assessment and consultation. This response reflects the views of RWE npower and the UK based business of RWE Trading GmbH.

Our strong preference remains for expenditure allowances in price controls to remain fixed once they have been set and agreed by the licensees. However, we do accept that where there are exceptional changes in circumstances that could not reasonably have been foreseen, then a mechanism such as the Income Adjusting Event may be appropriate. In this case, it is not clear that a Public Inquiry on the proposed Beaulieu to Denny transmission line upgrade could not have been reasonably anticipated given the ongoing debate. Subject to Ofgem confirming that there has been no allowance provided for within the current price control settlement, we agree to SHETL's proposals.

We hope these views are helpful and if you wish to discuss them further please contact me on 01793 893983.

Yours sincerely,

Charles Ruffell
Economic Regulation

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