

Rachel Fletcher
Director, Distribution
Ofgem
9 Millbank
London SW1P 3GE

Your ref NTWK GDPC31
Our ref Log 08/142
Name Steve Rose
Phone 01793 892068
Fax 01793 893981
E-Mail stephen.rose@rwenpower.com

13th August 2008

Retaining the Transitional Interruption Incentive

Dear Rachel,

Further to your open letter of the 18th July regarding the above we welcome the opportunity to comment and do so on behalf of all our licensed gas businesses.

We fully support your proposal to maintain a zero value interruption incentive over the transitional period 1st October 2008 to 30th September 2011 as to do otherwise is likely to result in GDNs continuing to receive windfall gains under this incentive, as they appear to have done since the incentive was first introduced.

Bearing in mind past experience of GDN interruption and the fact that GDNs are expected to continue to have more interruptible customers on their networks than is necessary to meet their 1 in 20 obligations, it seems most unlikely that they will be exposed to material levels of interruption payments during the transitional period. To the extent they are however they have recourse to apply for an Income Adjusting Event, which the Authority might be expected to look upon sympathetically if it had previously made a conscious decision to maintain the zero value of this incentive.

Yours sincerely,

Steve Rose
Economic Regulation

*Sent by e-mail and therefore unsigned

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