

RWE npower renewables

Sam Williams
Ofgem
9 Millbank
London
SW1P 3GE

Contact Robert Duncalf
Phone 01793 474158
Email Robert.Duncalf@rwe.com

Swindon, April 2011

Changes to the Offshore Transmission Owner (OFTO) Availability Incentive

Dear Sam,

Thank you for the opportunity to comment on this consultation regarding the OFTO Availability Incentive. This response is provided on behalf of the RWE group of companies, including RWE Npower plc, RWE Supply and Trading GmbH and RWE Npower Renewables Limited, a fully owned subsidiary of RWE Innogy GmbH.

This letter provides our material comments to questions 1 and 2 as set out in the consultation document. RWE will provide a further response addressing the remaining issues ahead of 22 April 2011.

RWE welcome the simplifications Ofgem are proposing, and recognise that the revised incentive is an improvement on the incentive from Tender Round 1; however, we do not feel that generators are sufficiently protected by the incentive mechanism, due to the asymmetric apportionment of risk between the generator and the OFTO.

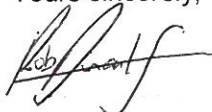
As such, RWE wish to see a sharpening of the incentive to produce a more equal apportionment of risk between the OFTO and the developer; further clarification of the OFTO of Last Resort Process; and clarification of the mechanism for revocation of an OFTO's Licence.

We welcome the simplification of the incentive through the removal of the OFTO's monthly availability targets; however, it is crucial that the generator has the option of amending its revenue profile on an annual basis - allowing for changes in the wholesale markets.

We also welcome the replacement of the credit banking mechanism; however, in order to further promote coordination and cooperation between the generator and the OFTO, the credits awarded for over performance should be linked to generation revenue losses. This would incentivise the OFTO to add value, through ensuring the production of as much renewable generation as possible.

If you wish to discuss any aspect of our response, please do not hesitate to contact me on 01793 474158 or via Robert.Duncalf@rwe.com.

Yours sincerely,



Robert Duncalf
Gwynt y Môr OFTO Manager
RWE Innogy GmbH

RWE npower renewables

Auckland House
Lydiard Fields
Great Western Way
Swindon
Wiltshire SN5 8ZT

T +44 (0)8456 720 090
F +44 (0)1793 474 841
I www.npower-renewables.com

Registered office:
RWE Npower Renewables Limited
Auckland House
Lydiard Fields
Great Western Way
Swindon
Wiltshire SN5 8ZT

Registered in England
and Wales no. 2550622