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Your ref 85/13
Our ref RPC guidance-May13
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26th July 2013

Re: Independent Gas Transporters' Relative Price Control – Consultation on revising the guidance document and potential changes to Special Condition 1 of the IGT licence

Dear Andy,

Thank you very much for giving us the opportunity to respond to the above consultation. This response is provided on behalf of RWE npower.

We have based our response around the specific questions you have listed on your letter dated 29th May 2013 seeking views of the above subject plus some general feedback on the new "RPC Guidance –May 2013" draft.

Question 1: Do you agree that it is no longer necessary for us to carry out our current monitoring role of IGT charges under the RPC?

We believe with the proposed RPC guidance document and the implementation of modification IGT043VV would help shippers to improve their monitoring and validation process of the IGT RPC charges. However, still we think that it would be worthwhile Ofgem undertaking some sort of a RPC charges monitoring exercise (eg: perhaps once a year rather than twice a year) independently from the shippers' monitoring process at least for the first couple of years. Once all parties are happy that there is a robust process in place around these charges and the validation of the same then Ofgem could terminate this activity completely.

Question 2: Does this change to the guidance make this issue clear?

We welcome the changes into the guidance around "infill surcharge for new sites" and believe this would help to eliminate any incorrect interpretations around the same.

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Question 3: Does the revised guidance provide sufficient clarity or do we need to amend the licence?

We believe the revised guidance provide sufficient clarity around this issue within the new RPC guidance document. However, since there is a potential risk that one could still interpret this differently based on the IGT licence irrespective of the revisions made to the guidance we would welcome an amendment to the licence to mitigate the risk.

Question 4: Should we proceed with licence changes (and a full statutory consultation) to address this issue?

Whilst we understand this has not been an issue since RPC was first implemented in 2004 due to GDN charge trend in theory GDN charges could fall below the ceiling at any time in the future at which point this issue could be still possible to materialise. Therefore, at this point of time we believe it is prudent to asses the pros and cons of this issue and make changes to the licence if necessary. We will welcome any change which will improve clarity, transparency and predictability of IGT RPC charges.

Question 5: Is our intention on this issue clear. If not, what steps should be taken to make this clearer?

Yes, Ofgem's intention on this is clear and we believe the revised wording on the proposed guidance should help to clear any ambiguity around this issue. However, as per the prevailing IGT licence since there is still a risk that a licensee could interpret this differently (by referring to the license), we would like to suggest a change in the license to make it clearer and streamline with new RPC guidance document.

Question 6: Are there any other drafting issues that you feel may need addressing by amending Special Condition 1 of the IGT licence?

No

General feedback on "RPC Guidance-May 2013" draft:

We welcome the proposed RPC guidance draft as we believe it would help to address some of the issues discussed above and make the RPC charging methodology more transparent and predictable which would ultimately help all IGT customers.

We would like to suggest including a worked example under each section listed below into the guidance document. We strongly believe by doing so it would help to further improve the transparency and predictability of RPC charges and eliminate any ambiguity around these areas for any stakeholder.

- Calculating the RPC entry charge (Section 2)
 - New domestic
 - Industrial and Commercial (I&C)
 - Domestic Infill

- Updating the RPC charge over time (Section 3)
 - New domestic
 - Industrial and Commercial (I&C)
 - Domestic Infill

If you have any questions or require further information regarding our response then please do not hesitate to contact me.

Yours sincerely

Dimuthu Wijetunga

Network Book and Credit Cover Manager
RWEnpower

(sent by email so unsigned)