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Dear David

**Facilitating implementation of aspects of the Capacity Allocation Mechanisms Network Code in Great Britain  
June 2014**

We welcome the opportunity to respond to these proposals for implementing the Capacity Allocation (CAM) Network Code in GB. The comments are provided on behalf of RWE Supply and Trading GmbH and RWE Generation UK plc.

We offer the following comments on the questions raised in the document:

**CHAPTE: Two**

**Question 1: Do you agree with our proposal to only implement the CAM network code in respect of the allocation of entry and exit capacity on the NTS at IPs?**

Yes, we strongly believe that the CAM Network Code should only be implemented in respect of capacity at Interconnection Points.

**CHAPTER Three**

**Question 2: Do you agree with our proposal to split the Bacton ASEP into a UKCS ASEP and IP ASEP?**

Yes, we agree that there is a need to split the Bacton ASEP into a UKCS ASEP and IP ASEP whilst recognising that the reduction in flexibility and treatment of existing entry capacity bookings at the Bacton ASEP still need to be satisfactorily resolved.

**Question 3: Do you agree with our proposal to create one single IP ASEP, with the baseline capacity set at the sum of the maximum technical capacity for the IUK and BBL interconnectors?**

Yes, we agree that a single IP ASEP might offer more flexibility. Allocating the technical capacity at the Interconnection Points appears to be the only practical way of meeting the CAM requirements for maximising the offer of bundled capacity at the Interconnection Points. However, it must be recognised that allocating the residual of the current Bacton baseline to the UKCS ASEP runs the risk of introducing artificial or actual constraints at the UKCS ASEP, depending on future flows.

**Question 4: If you are a holder of entry capacity at Bacton after November 2015, please provide details of entry capacity holdings after this date. Please also provide details of how you would choose to assign these capacity rights following any split of the Bacton ASEP (ie, into a UKCS ASEP and IP ASEP)?**

## CHAPTER Four

**Question 5: Do you agree that no change is required to the existing licence obligations relating to NTS exit capacity in order to facilitate the implementation of the CAM network code?**

Yes, we agree the distinct exit point baselines for BBL, IUK (and Moffat) defined in National Grid's NTS licence mean that no change is required to further define the interconnection points. We do note that the proposal to end-date existing enduring capacity holdings should be addressed alongside the more general discussion of treatment of existing contracts.

**Question 6: Do you agree that there is a need to amend the definition of Off-peak Exit Capacity in NGG's NTS licence?**

Yes, we agree.

## CHAPTER Five

**Question 7: Do you agree with the proposed changes to NGG's NTS licence that we have set out in appendix 3?**

The proposed changes are broadly consistent with the proposals set out by Ofgem to facilitate the implementation of CAM.

**Question 8: Do you consider that some form of transitional arrangement is required? If so, do you consider that our proposals, as set out in this document, meet these requirements?**

A number of issues remain to be resolved and additional UNC modifications and changes to NGG's methodology statements may still be required. We support the principle of a transitional period, but are unable, at this stage, to provide definitive views about its scope.

**Question 9: Are there any other changes to NGG's NTS licence (or any other licence) that you consider are required to facilitate the implementation of CAM?**

The reality is that regardless of whether the Bacton baseline is split or not, the physical amount of gas that can be delivered to Bacton on any day remains the same, so National Grid should face a Licence obligation to develop mechanisms that ensure the contractual arrangements at Bacton allow for the same degree of fungibility as now.

Whilst this obligation should not be overly prescriptive, it should include a requirement to amend the overrun arrangements, such that under a split baseline, where the total quantity of a shipper's inputs at Bacton from various sources is less than its combined UKCS and European IP entry capacity holdings, it is not penalised, even if its flow at one of the two Bacton entry points exceeds its capacity holding at that specific point.

If you require any additional information or wish to discuss any aspects further, please do not hesitate to contact me.

Yours sincerely

By email so unsigned

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