

## RWE Supply & Trading

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Dear Geoff

### **Consultation on the Mid Period Review (MPR) of RIIO-T1 August 2016**

We thank you for the opportunity to respond to this Consultation. The comments are provided on behalf of RWE Supply and Trading GmbH and RWE Generation UK plc.

In our response in January 2016, we supported Ofgem's proposal to conduct an MPR covering a number of the outputs and associated revenues included in RIIO-T1 for National Grid Electricity Transmission (NGET) and National Grid Gas Transmission (NGGT).

Of the three specific areas that have been looked at as part of the MPR for RIIO-T1 we support Ofgem's proposed treatment of NGGT's Avonmouth pipelines output and the new enhanced system operator (SO) role for NGET. We also support the minded-to treatment of NGET's non-variant allowance outputs. Our preference would be for Ofgem to expedite its final decision on these proposals such that changes to allowances could take place from 1st April 2017.

Ofgem's proposals provide clarity around the treatment of outputs that are no longer needed and also of outputs that are substituted for alternatives that meet similar needs. We also agree with Ofgem that it is important to distinguish between underspend from more efficient delivery of an output and that where the output has not been delivered. There will inevitably be changes over the life of an 8-year price control period that impact upon the outputs and allowances set at the start of the control. The MPR is an important part of the overall RIIO framework as it enables the introduction of new outputs and also the removal of outputs no longer required.

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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