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Dear Pete

Review of the Fleetwood entry point in gas transmission March 2017

We thank you for the opportunity to comment on the proposals set out in the consultation document and accompanying Impact Assessment. This response is provided on behalf of RWE Supply and Trading GmbH and RWE Generation UK plc.

It is appropriate to consult on the price control treatment of National Grid Gas Transmission's entry capacity obligation at Fleetwood. In its proposals to change National Grid's funding and the appropriate treatment of the capacity obligation, Ofgem has identified a number of options and our views on these are set out below.

Chapter 1.

Question 1: Do you have any views on our proposal to 'true up' NGGT's funding for Fleetwood now?

Option 1: Do nothing.

Option 2: True up the price control allowance to actual and currently forecast expenditure over the relevant period now.

Option 3: True up the price control allowances of £277.5 million to actual expenditure over the relevant period later (at the end of the RIIO T1 period).

We support Option 2. Options 2 and 3 result in consumers not having to fund investment that has not taken place. Option 2 is preferred as it brings forward these benefits earlier than Option 3. The fact that no expenditure has occurred or is likely in the future to occur rules out Option 1.

Chapter 2.

Question 1: What are your views on our proposed options for the capacity obligation at Fleetwood?

Option 1: Do nothing now.

Option 2: Remove the capacity obligation at Fleetwood.

Option 3: Amend the capacity obligation at Fleetwood to reduce the level of obligated entry capacity (eg to 350 GWh/day).

We support Option 2. This would remove the obligation on National Grid to offer Fleetwood capacity. Any User requiring future Fleetwood capacity would need to make a User Commitment, linked to the investment costs. This minimises risks to consumers. Both Option 1 and, albeit to a lesser extent,

Option 3 continue to expose consumers to the costs of network reinforcement should currently obligated Fleetwood capacity be purchased in future auctions.

Question 2: Are there any other options that you think we should consider?

No.

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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