



Rupika Madhura
Head of Gas Distribution Policy
RIIO Gas Networks – Ofgem
9 Millbank
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Dear Rupika,

National Grid's sale of Gas Distribution Network business - consultation on regulatory aspects

RWE npower welcomes the opportunity to respond to this consultation. We have responded to each of the questions asked at the end of each section, as set out below:

Question 1: What is your view as to which entity, and therefore licence should hold the BMPOLR obligations and why, in the event that the proposed asset and licence transfer takes place?

On the basis that NGG will retain sufficient ability to undertake the BMPOLR in the same manner that this service is currently provided we believe this is the most efficient way of delivery. This is, as per your consultation, the 'least change' option and one that we favoured when responding to National Grid's consultation.

However, should other respondents feel that this obligation better sits with Distribution Network owner rather than the Transmission Company then we would support further consideration as to whether the most efficient solution is the most optimal. If the most optimal solution requires more change but delivers a better outcome for stakeholders then this should not be dismissed.

Question 2: Do you have any comments in relation to the Xoserve arrangements as a result of the proposed hive across of NGG's gas distribution business to NewCo?

We reiterate our view that the proposed hive across of NGG's gas distribution business to a NewCo should not result in any changes to the existing Xoserve arrangements. However, as we are aware that the operation and funding of Xoserve is set to change considerably under the proposed FGO arrangements, we would like to reiterate the need for the NewCo to engage with the FGO programme in the same manner as National Grid's distribution business has to date.

Question 3: Do you have any comments on the impact of the proposed hive across on the Joint Office arrangements?

We agree with Ofgem's view that there will be no material change to the way the Joint Office operates as a result of the proposed sale. However, we remain of the belief that the retention of knowledge currently within the Joint Office is key to the ongoing operation of its arrangements. Whilst National Grid have confirmed that *"at the time of the proposed hive across, there would be no change to the individuals it has seconded to the Joint Office"*, we feel there remains a risk that following the sale this expertise may not be retained. This would lead to a degradation in service, at least in the short term, that would be detrimental to the industry at a time of significant change within the gas market.

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Question 4: Do you have any comments in relation to the provision of the 0800 emergency number in the event that the proposed asset and licence transfers take place?

We remain of the belief that the 0800 emergency number should remain the responsibility of the network owner, as such, the NewCo. However, as per Ofgem's views in the consultation, this should be on the basis that the HSE provides acceptance of the safety case. As such, it is our view that this question should be revisited once further clarity is received from the HSE.

Question 5: What are your views on the need for compliance requirements (additional to those of other relevant gas transporters) in NGG's gas transmission licence and in NewCo's gas distribution licence in the event that the proposed asset and licence transfers take place?

We support Ofgem's view, as set out in the consultation, that the Standard Conditions should be retained to ensure that parties are protected against undue discrimination.

Question 6: Are there any other concerns or issues regarding NGG's obligations potentially affected by the proposed hive across that you would like to raise?

None at this time.

Question 7: Do you have any comments on the Authority's proposed conditions for the asset transfer, or on any other conditions you would like to raise?

None at this time.

Question 8: Do you have any comments on the detail of the proposed draft licence amendments?

None at this time.

Should you require any further information or have any questions on the points made in our response then please do not hesitate to contact me.

Yours sincerely,

David Smith