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Re: No 0319V – 0325V - Suite of Proposals raised to implement the Industry Codes Governance Review

Dear Bob,

On behalf of RWE npower, I would like to thank you for the opportunity to respond to the above titled UNC Mod Proposals.

Having considered the variations raised as a result of responses during the last consultation phase for Modifications 0319V – 0323V, our comments on the original Modifications as raised still apply with no further changes or additions.

With relation to 0324V (which we did not provide comments on prior to the variation being raised), we approve of the Modification as described in the variation with reference to the Standard Special Conditions A11.1(c) and A11.1(f).

The application of Standard Special Condition A11.1(c) is somewhat axiomatic insofar as the Modification has been raised as a result of a change to the License.

It is questionable whether this alone would endow the Modification with sufficient merit to gain our support.

We believe that the Modification better meets Standard Special Condition A11.1(f) because it allows issues with a broad and potentially significant material impact on industry participants to be considered in a holistic manner without individual parties' commercial interests dictating a piecemeal approach to the solution.

It should be noted that although our approval of Alternative Modification 0324V is not contingent on any further changes being made or variations being raised, it is our view that additional checks and balances need to be included in relation to the SCR process in order to avoid the situation whereby Ofgem are effectively able to raise and decide upon UNC Modification Proposals. Whilst Modification 0312 – 'Introduction of Two-Thirds Majority Voting to the UNC Modification Panel' goes some way toward this by preserving the right of appeal to the Competition Commission, this may prove to be insufficient. It seems likely that the Industry will need to raise additional Modifications to address this issue.

Should you wish to discuss any of the above please do not hesitate to contact me.

Regards,

Robin Healey

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