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**Re: Modification Proposal UNC 127 – Introduction of a DN Pensions Deficit Charge On DNO Users**

Dear Julian,

RWE npower offers qualified support for this proposal. We understand that National Grid has an obligation to its employees with regard to its Pension Fund requirements and feel that it is reasonable that DNO Users be asked to contribute to this, particularly as some employees of the divested DNs will have previously been National Grid employees.

In our understanding, this proposal represents an extension of the existing transportation charge (“DN Pensions Deficit Charge”) for the purpose of reducing the Pension Fund deficit to the divested DNs. However, as this funding will be made in line with the Transmission Price Control Review relating to the regulated business of National Grid, we would be interested to know how a differentiation will be made between employees working for National Grid’s regulated and unregulated businesses with relation to the Pension Fund. We also request full transparency of this process in order to be sure that no cross-subsidisation is taking place.

If you wish to discuss any points raised in this response further, please do not hesitate to contact me.

Regards,

Chris Hill

Gas Codes Analyst

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