

Mr Julian Majdanski  
Secretary, Modification Panel  
Joint Office

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**Urgent Modification Proposal 0169: Transfer and Trading of Capacity between ASEPs**  
**Urgent Modification Proposal 0169A: Transfer and Trading of Capacity between ASEPs**

Dear Julian

Thank you for inviting us to comment on these urgent modification proposals, which we are considering together.

This response reflects the views of RWE npower and the UK based business of RWE Trading GmbH. We support implementation of urgent modification 0169, which we consider to be needed given the impact on urgent modification proposals 0156 and 0156A<sup>1</sup> caused by that the delay in agreeing NGG's GT licence. We do not support implementation of urgent modification proposal 0169A.

In our response to urgent modification proposals 0156 and 0156A we supported the general approach, which we believed was a pragmatic and simple solution to introduce a transfer and trade methodology ahead of winter 2007/08. We also accepted that this was an interim solution, with the enduring arrangements, as envisaged in the GT Licence, still to be developed.

It is disappointing that there is still considerable uncertainty around the entry capacity regime and that there are a number of critical elements still being consulted upon at this late stage.

We support holding two auction rounds, as this will improve price discovery and allow Users more opportunity to refine their capacity requirements closer to the winter period albeit that the proposed auction timetable is close to November. We do not support the Scottish Power Energy Management alternative as we consider that their proposal to initially restrict capacity to its original ASEP introduces an unwelcome distortion. Shippers that, based on the information available at the time, chose not to bid for capacity in earlier auctions will now have a further

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<sup>1</sup> Urgent Modification Proposal 0156: Transfer and Trading of Capacity between ASEPs; Urgent Modification Proposal 0156A: Transfer and Trading of Capacity between ASEPs

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opportunity. Also, they will only be in competition with other Users at that ASEP, rather than the intra and inter zonal competition faced by other Users. In addition, acquisition of capacity at ASEPs under this arrangement will further restrict capacity available at recipient ASEPs.

We hope these views are helpful and would be happy to discuss matters further.

Yours sincerely

*By Email So Unsigned*

Charles Ruffell  
Economic Regulation