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Tuesday, 20th November 2007

Dear Eddie,

RE: NTS GCM 10: TO Entry Commodity Rebate Mechanism

E.ON UK **supports** the proposals put forward by NG NTS in this consultation paper and considers that they represent an improvement on the existing arrangements, by introducing more clarity and transparency around over-recovery.

We understand that these proposals deal in part with our concerns raised in GCM 09; that GCM 09 did nothing to address the issue of how over-recovery is dealt with where there are no buy-backs of value within the same formula year.

We welcome any measures which seek to avoid the over-recovery amount being transferred into the calculation of "K" for the next formula year. We believe it is extremely important that all over-recovery should be re-distributed within the same formula year.

I hope you find these comments useful, but if you wish to discuss them in any more detail, please do not hesitate to contact me on T: 02476 181421.

Yours sincerely

Richard Fairholme (by email)
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