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Thursday, 6<sup>th</sup> December 2007

Dear Eddie,

**RE: NTS GCM 11: Retrospective Negative TO Entry Commodity Charge**

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 believe this proposal (in conjunction with GCM 09 & 10) offers a pragmatic solution to the over-recovery difficulties caused by the unpredictable nature of auctions for entry capacity. This situation can be contrasted with TO Exit Capacity charges, which are administered to collect all TO revenue without the need for numerous and complex adjustment mechanisms.

Overall, 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

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