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Monday, June 9, 2008

Dear Andrew,

**Re: Review of Incremental Entry Capacity Release (IECR) Methodology Statement 2008**

Having considering the proposed changes for 2008, overall we are supportive of the National Grid IECR Methodology Statement. We have discussed with National Grid some of our initial concerns or queries regarding the changes and the remaining issues are summarised below.

**Our Detailed Comments on the Document:**

1. After Para. 37, we believe the title should read "*Procedure for Allocating Entry Capacity*", as opposed to "*Procedure for Allocating Capacity*". This would seem to be more consistent with the context of the document.
2. Para. 46 – The Sept 2008 QSEC Auction is referenced here. As currently drafted, it is not clear if this means that the statement will need to be reviewed again before a (possible) March 2009 QSEC. From our discussions with National Grid, we understand that this is not the case (subject to developments regarding the Substitution obligation), but some clarification here would be welcomed. It has been suggested that in order to avoid confusion National Grid could amend the "*i.e.*" to "*e.g.*". We agree that this would be sensible.
3. Para. 48 – It would be helpful if National Grid stated where the "*limited number of opportunities to extend the 42 month lead time*" referred to in the draft IECR is specified. Our understanding is that it is contained within NGG's Licence, but this is not apparent to the lay reader. Further clarification should be added here.

4. Para. 73 – As suggested in our response in 2007, we think para. 73 should link to 76 by stating clearly that application of 20 price steps is the usual arrangement, except for small entry points. Following our discussions with National Grid, we believe this issue has been addressed partly, but there remains an erroneous reference in the document: "subject to paragraph 75" should actually read "subject to paragraph 76".
5. Para. 119 – As we also suggested in last year's response, this paragraph should make it clear that it refers to new entry points only. It is appreciated that the heading suggests this, but headings are normally for information only.

Please feel free to contact me on 02476 181421, if you wish to discuss further any of the points raised above.

Yours sincerely

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