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Dear Andrew

Entry Capacity Substitution Methodology Statement: Formal Consultation

In a number of our previous responses on this subject, we have mooted our support for the principals of substitution. However, we also continue to believe that substitution may unnecessarily remove flexibility from the market, harming both competition and security of supply. Therefore it should be made clear that BP is disappointed that after the industry has spent so much time and effort on the important issue of substitution, we may be forced to accept the implementation of an approach that has received the least amount of attention and development time. Questions remain regarding the retainer length and exchange rate cap, while the concept of partial substitution has made a sudden reappearance. We also feel that a number of questions need to be asked regarding the process of consultation and methodology selection. As an example, the fact that the two stage auction approach was discarded on the basis of a modification proposal raised by National Grid (Mod 246) is totally unacceptable.

For the reasons listed above BP **does not support** the proposed Entry Capacity Substitution Methodology Statement.

Please do not hesitate to contact me if you have any questions.

Yours Sincerely,

David Linden
Regulatory Analyst

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