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15 November 2012

Dear Colin,

**RE: NTS GCD10 – Potential one-off change to NTS (TO) Exit (Flat) Capacity charges for April 2013**

E.ON UK does not support these proposals and believes it would inappropriate to implement them with such short notice. We do not believe that sufficient opportunity will exist for Shippers to pass through costs to customers as a direct result of a proposed “one-off” April 2013 Exit capacity price change.

In addition, this price change, if it were known about pre-October 2012 may have influenced Shipper’s decisions on whether individual off-takes should go firm or rely on the off-peak capacity product. Therefore, this proposal has the potential to undermine previously made commercial decisions. If this proposal were to be implemented, we would expect to see a longer lead time for implementation – e.g. April 2014, rather than 2013. This would allow the changes in capacity charge levels to be properly factored into the commercial decision making process.

We would also question whether a price change in April gives NGG sufficient time to understand the previous winter consumption and give Shippers the required notice of a change to prices. For instance, would a particularly cold February / March be included? It is our understanding that one of the reasons for setting Exit prices in October was that it allowed the prior winter to be taken into account. If they do not, this could lead to more volatility than anticipated in the October prices.

Yours sincerely,

Richard Fairholme  
Trading Arrangements, E.ON UK

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