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Monday 21 November 2005

Response to UNC Modification Proposal 062 Introduction of a Gas Balancing Alert

Dear Tim

E.ON UK supports this proposal. We welcome the work that has been undertaken at the Ofgem led Demand Side Working Group (DSWG), which has resulted in the development of this proposal.

We anticipate that a Gas Balancing Alert (GBA) may trigger demand side response when the system is tight. The GBA may also be used as a contractual trigger to initiate demand side response when the system is tight, potentially averting a gas emergency.

This proposal might facilitate the relevant objective (a) the efficient and economic operation of the system, through potentially helping to balance the system and thus avert a gas supply emergency.

We consider that the option to issue a GBA within day should be included in the implementation of this proposal. Whilst the majority of, if not all, customers would be unlikely to be able to offer demand side response within day, we cannot see any disadvantage to the system through having a GBA within day. A within day GBA would likely correspond to a rapidly occurring gas emergency, with no time to for customers to offer demand side response but at the very least, a within day GBA would ensure both customers and shippers are made aware of a situation, as soon as possible.

Whilst we appreciate the work undertaken to achieve 'quick wins' for this winter, we remain of the opinion that a holistic approach is needed for future winters to assess all the many factors which contribute to ensuring security of supply in the

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Registered Office: Westwood Way Westwood Business Park Coventry CV4 8LG U.K. This might involve taking another look, with the hindsight of the experience of this winter, at GBAs.

Please do not hesitate to contact me if you wish to discuss any of the above.

Yours sincerely

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