



John Bradley  
Secretary, UNC Modification Panel  
Joint Office of Gas Transporters  
31 Homer Road  
Solihull  
West Midlands  
B91 3LT

**E.ON UK plc**  
Westwood Way  
Westwood Business Park  
Coventry  
West Midlands  
CV4 8LG  
eon-uk.com

Richard Fairholme  
Trading Arrangements  
T 02476 181421  
[richard.fairholme@eon-uk.com](mailto:richard.fairholme@eon-uk.com)

10 August 2009

Dear John,

**Re: UNC Modification Proposal 0261 – Annual NTS Exit (Flat) Capacity Credit Arrangements**

E.ON UK **supports** implementation of UNC Modification Proposal 0261.

We believe this proposal, if implemented, would represent a proportionate and reasonable response to the real risk, as highlighted in the Modification Proposal; namely that of a single-point Shipper User deferring placing credit for its Annual NTS Exit (Flat) Capacity holdings, and the associated costs then being smeared across the shipper community.

To address this risk, the proposal, if implemented, will ensure that all “Users [are] required to meet their capacity commitments as and when they become due and payable”<sup>1</sup>. In this regard, we believe it is entirely appropriate that all Users are treated equally, in order to reduce the risks facing the whole Shipper community. The reduction in risk and potentially avoided costs should ultimately benefit consumers.

We agree with the proposer’s justifications against the relevant objectives and have nothing further to add in this regard.

Yours sincerely,

**Richard Fairholme (by email)**  
Trading Arrangements  
E.ON UK

E.ON UK plc  
Registered in  
England and Wales  
No 2366970

Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG

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<sup>1</sup> Mod 0261: Annual NTS Exit (Flat) Capacity Credit Arrangements, page 3.