

Email response from EON UK

Martin / Andrew

I've passed the 11 options around internally and consensus seems to be that the two stage auction seems the most reasonable, but a couple of issues have been identified:

- Although it avoids a lot of the problems with substitution, it does favour incumbent shippers over incoming shippers.
- It does need an exchange rate cap and/or economic test as well, to avoid a shipper buying the capacity at the recipient ASEP at less than the effective value at the Donor ASEP –e.g. we may not be prepared to pay the 0.5p/th reserve price at ASEP A, and it then gets transferred to ASEP B on a 5:1 exchange rate and sold at 0.5p/th. The effective price at ASEP A is 0.1p/th, which maybe we would have been prepared to pay.

Regards,

Richard Fairholme
Lead Trading Arrangements Analyst
E.ON UK