



Tuesday 1<sup>st</sup> February

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**Response to Modification proposal 733 Facilitation of  
Substitutability between Capacity and Locational Energy Actions**

Dear Julian

E.ON UK offers qualified support for this proposal.

In principle, this proposal seems sensible, however, it is unclear to us whether this proposal could have an impact on the real time calculation of cashout prices. Accurate real time pricing signals published on the OCM remains fundamentally important in helping to ensure the market responds appropriately to any Transco balancing actions. Any delayed adjustments to cashout prices distort these signals.

This proposal should not go ahead if, as a result of this proposal, the real time cashout prices published on the OCM do not remain at all times a true reflection of the Transco marginal action (adjusted for tagged out 'excluded actions'). Implementation should be conditional on Transco procuring any necessary software changes to the OCM to ensure continued publication of accurate real-time cash-out prices. If necessary, such a procurement obligation should be placed on Transco as part of this modification proposal.

Yours sincerely

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