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Friday 23rd July 2004

Dear David,

RE: Ofgem/DTI Consultation

Thank you for the opportunity offered to E.ON UK to consider the issues contained within the 'Provisions for the transition to the GB CUSC, the GB Grid Code and GB connection and use of system agreements under BETTA' consultation document. We deem the suggested transitional arrangements to be consistent with those suggested for the GB BSC and are therefore broadly supportive of the document.

We note that Ofgem/DTI propose that for any agreement awaiting determination at BETTA go-live, the parties will be obliged to sign the agreement or modification offer on the basis proposed by NGC, subject to subsequent alteration following determination by the authority. Whilst we understand the rationale behind this decision, there may be concern about accepting terms which are by definition (given that they are subject to determination) unacceptable. A large number of determinations are likely to hinder a smooth transition to BETTA. In order to reduce the likelihood of determination in the first instance, we are keen to emphasise that NGC's agreement modifications should only reflect those changes which represent the minimum alteration necessary. This approach would facilitate the achievement of BETTA in an efficient and expeditious manner. The transitional licence condition for NGC clearly reflects the obligation to provide necessary offers in a timely manner. This condition is of course imperative to ensure that the required contracts are in place at BETTA go-live. However, we believe that it is also important for the transitional licence condition to adequately reflect the responsibility of NGC to only amend agreements in a manner which is both expedient and necessary.

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If you have any questions with regard to the issues raised in this response please don't hesitate to contact me.

Yours sincerely

Neil Smith
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