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Tuesday 27th July 2004

Dear David,

**RE: 157/04 - BETTA consultation on legal drafting for the GB CUSC**

Thank you for the opportunity offered to E.ON UK to consider the issues contained within the consultation above.

We believe that it is appropriate to allow licence exempt generators to avoid the requirement to become a BSC party provided that they arrange the necessary contract with a supplier to undertake responsibility for the generator's output under the GB BSC.

However, we are a little concerned about the potential avoidance of generation charges which may result from the proposed GB CUSC amendment. NGC will need to retain their right to levy generation charges on the appropriate transmission connected exempt generator via Bilateral Agreements. Therefore, in the interest of facilitating an equitable outcome, we would expect an alteration to NGC's use of system charging methodology to ensure that parties pay the charges for which they are liable.

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

Yours sincerely

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