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Dear Stuart,

RE: Open Letter on Gas Shipper Entry Credit Arrangements

E.ON UK fully supports Ofgem's proposal to remedy the errors in the Income Adjusting Event provisions of National Grid's licence to clarify the means by which Shippers are able to challenge the appropriateness of revenue allocations to National Grid NTS.

We find the allowed revenue position regarding the Canatxx/Fleetwood entry point wholly untenable, given that National Grid NTS is able to benefit from the full value of the revenue driver despite facing no risk of any project turning up and requiring a connection for the foreseeable future. There is no reason for National Grid to be incurring costs and therefore no reasonable justification for it being able to receive the full value of the revenue driver for this entry point over a period of five years.

We have nothing further to add to Ofgem's proposals, which we believe are a very positive step forward and we urge Ofgem to progress this issue as quickly as possible to help mitigate the risk of further unnecessary costs being passed through to consumers.

I hope that the above comments prove useful. Should you wish to discuss our response in any further detail, please do not hesitate to contact me on T: 02476 181421.

Yours sincerely,

Richard Fairholme (by email)
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