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23 August 2010

Dear Paul,

RE: Consultation on “relevant points” of a transmission system for the purposes of Article 6(4) Gas Regulation (EC) No 1775/2005

Please note that the Annex of this response is marked **confidential** because it includes details of E.ON UK's customers, which is not public knowledge and which is commercially confidential information.

E.ON UK welcomes the opportunity to respond on the issue of what points on the gas National Transmission System (NTS) should be defined as “relevant points” for the purposes of Article 6(4) Gas Regulation (EC) No 1775/2005. We disagree with Ofgem's initial proposal to class all the NTS connection points listed in the consultation paper annex as “relevant points” and we offer the following comments in support of this position:

NTS Direct Connect Customers

Consistent with the **proposed amendment to Paragraph 3.2 of the Guidelines in the Annex of Gas Regulation (EC) 1775/2009**, E.ON UK believes that offtakes serving a single final customer should not be defined as “relevant points”. In addition, **on the basis that these points are unlikely to individually account for more than 2% of total exit capacity and to protect individual customer commercial confidentiality**, we consider that all direct connects to the NTS should not be defined as “relevant points”. E.ON UK's supply portfolio includes several NTS direct connects (CCGTs, CHP & large industrial customers), which we believe should not be defined as “relevant points” for the reasons outlined above. These points are listed at Annex 1.

Connected System Exit Points (CSEPs)

Although we note that it is proposed that exit points serving a single final customer would not be defined as "relevant points", we are concerned this would still not adequately deal with the situation of exit points where a CCGT is the dominant gas consumer, but some smaller customer(s) are also connected at the same exit point (a CSEP). In its response to the consultation on the draft EU Gas Transparency Guidelines, the Association of Electricity Producers (AEP) proposed the addition of the following wording to address this particular issue (which we support):

"Where one or more individual final customers are connected to the Transmission System by a high pressure pipeline (or pipelines) and one of these customers is capable of flowing gas at a rate equal to or greater than 50% of the contracted capacity at the relevant exit point from the Transmission System, the exit point shall be treated as if it were serving a single final customer."

This suggested text was ultimately not adopted for the final version of the Transparency Guidelines, but we believe this is an important implementation issue in the UK context. The affected exit point in E.ON UK's portfolio is listed at Annex 1.

Gas Storage Facilities

In this consultation paper, reference is made to "ancillary services", which is defined as "all services necessary for access to and the operation of transmission and/or distribution networks and/or LNG facilities and/or storage facilities including load balancing and blending, but excluding facilities reserved exclusively for transmission system operators carrying out their functions". We believe the phrase "necessary for access" may require consideration here, since it is somewhat ambiguous. For example, storage facilities with a TPA exemption are granted this on the grounds that access to those facilities by third parties is "not economically and/or technically necessary for providing efficient access to the system for the supply of customers". It could be argued therefore, that minor gas storage facilities should not be defined as "relevant points", since access to them is not technically "necessary" for accessing or operating transmission and/or distribution networks. We would welcome Ofgem's thoughts on how gas storage should be treated for the purpose of defining "relevant points" in the UK context.

Entry Points

As noted in the consultation paper, it is anticipated that "entry points linked directly to a production facility of a single producer that is located within the EU", will not be defined as a



"relevant point". E.ON UK operates at a NTS Entry Point which is served by a single producer and on this basis considers that it should not be defined as a "relevant point". This point is listed at Annex 1.

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 181 421.

Yours sincerely,

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