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Dear Dora

Open letter Consultation on Changes to Ofgem Licensing Policy for Gas Traders

E.ON UK does not support Ofgem's proposal to remove the obligation for Users who only want to trade gas to obtain a Shipper licence. On balance, the potential disadvantages of this change would significantly outweigh the slight reduction in the barrier to entry to the GB wholesale gas market. We believe Ofgem should instead concentrate on simplifying and streamlining the existing application process for obtaining a Shipper licence, which is likely to reduce the barrier to entry for all potential gas market participants (regardless of whether or not they ship gas), without risking the possible unintended consequences of removing the requirement to hold a licence for certain parties.

The UNC currently does not distinguish between 'Trader' and 'Shipper' Users. Whilst we accept that 'Trader Users' would not, as defined, be shipping gas, carving out particular sections of the UNC which do or do not apply to certain parties risks many unintended consequences – e.g. the inability to effectively enforce legitimate penalties or sanctions. We are particularly concerned that allowing special categories of Users to be created under the UNC may open the floodgates to other new types of User being created in future, potentially undermining the rights and responsibilities of existing UNC signatories. We consider that this proposed change will add significantly more complexity and reduce transparency compared to the current arrangements; problems highlighted by the length of time spent developing the associated UNC Modification Proposal 0338 '*Remove the UNC requirement for a 'gas trader' User to hold a Gas Shipper Licence'*' and its legal text.

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Yours sincerely

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