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Dear David,

Facilitating the implementation of aspects of the Capacity Allocation Mechanisms Network Code in Great Britain

E.ON welcomes the opportunity to provide comments in response to Ofgem's minded to position.

Question 1: Do you agree with our proposal to only implement the CAM network code in respect of the allocation of entry and exit capacity on the NTS at IPs?

Yes. We believe this approach meets the minimum requirements and represents a proportionate regulatory response. We do not believe it is necessary for the UK to adopt CAM Network Code rules at all other points on the NTS, which in many regards would represent a step back in terms of market development; particularly for the UK's mature and liquid wholesale gas market. The benefits of implementing CAM across all points is also unproven, and clear and compelling evidence to apply CAM beyond the scope of just IPs is needed. As noted in our previous response to Ofgem on this matter, we believe it would be wise to allow the new CAM arrangements to "bed in" at IPs and prove their effectiveness, before considering a wider application.

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Question 2: Do you agree with our proposal to split the Bacton ASEP into a UKCS ASEP and IP ASEP?

Yes, although we note that this will result in a reduction in flexibility compared to the current Bacton ASEP arrangements.

Question 3: Do you agree with our proposal to create one single IP ASEP, with the baseline capacity set at the sum of the maximum technical capacity for the IUK and BBL interconnectors?

Yes. A single IP ASEP brings some degree of flexibility and avoids the risk of artificially constraining use of either individual IP. However, this may be offset by potentially implementing two different capacity bundling approaches by IUK & BBL (i.e. 2 or 3 TSO model), which could cause distortions.

We agree that using maximum technical capacity is a reasonable approach.

Question 4: If you are a holder of entry capacity at Bacton after November 2015, please provide details of entry capacity holdings after this date. Please also provide details of how you would choose to assign these capacity rights following any split of the Bacton ASEP (ie, into a UKCS ASEP and IP ASEP)?

See Appendix (Confidential)

Question 5: Do you agree that no change is required to the existing licence obligations relating to NTS exit capacity in order to facilitate the implementation of the CAM network code?

Yes

Question 6: Do you agree that there is a need to amend the definition of Off-peak Exit Capacity in NGG's NTS licence?

Yes



Question 7: Do you agree with the proposed changes to NGG's NTS licence that we have set out in appendix 3?

No particular view

Question 8: Do you consider that some form of transitional arrangement is required? If so, do you consider that our proposals, as set out in this document, meet these requirements?

Yes. The transitional proposals seem reasonable at this stage; however additional issues may emerge as the UNC Modification Proposals are developed.

Question 9: Are there any other changes to NGG's NTS licence (or any other licence) that you consider are required to facilitate the implementation of CAM?

Not at this time.

Yours sincerely,

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