

UNC 0678/A/B/C/D/E/F/G/H/I/J: Amendments to Gas Transmission Charging Regime: minded to decision and draft impact assessment Response**Question 1: What is your view of our assessment that Postage Stamp is a more appropriate RPM considering the circumstances of the GB network?**

E.ON believes Ofgem's assessment is accurate and supports UNC 0678A as the most appropriate between the 2 proposals which meet EU TAR obligation.

E.ON's belief is that avoiding a distance-based cost driver will result in a cost-reflective tariff for all participants, creating a fairer and transparent transmission charging regime.

Question 2: Do you agree with our assessment that maintaining the FCC methodology in the UNC improves the transparency and consistency of governance compared to maintaining the FCC Methodology outside of the UNC?

Based on the impact assessments provided to E.ON we see no clear benefit for moving the methodology away from the UNC at this time, therefore we agree with Ofgem's findings that on balance the FCC methodology is maintained in the UNC.

However, E.ON believes that further work should be completed to consider how, and who, the FCC methodology should be maintained by in the future. We note that that Ofgem intend to carry out a review of GB system operations late spring so we would like Ofgem to consider reforms for the FCC as part of that work.

Question 3: What is your view on our assessment that the PS RPM would be preferable to the CWD for future green gas market entrants?

No comments.

Question 4: What are your views on our assessment of the quantitative analysis?

Please see response to Q1.

Question 5: What are your views on our assessment of the modification options presented to us against the applicable UNC objectives?

We agree with Ofgem's assessments against the applicable objectives.

Question 6: What are your views on our conclusion that only two modifications - UNC678 and UNC678A - are compliant with the relevant legislation? If you disagree, please provide a fully reasoned explanation.

Please see response to Q1.

Question 7 a) Given our conclusion that only two modifications are compliant with the relevant legislation, what are your views on our minded-to decision to approve UNC678A rather than UNC678? b) Do you consider our minded-to decision to appropriately reflect the principles-based assessment and quantitative analysis presented in this report? c) Do you agree it best facilitates the relevant objectives? Please fully justify your response.

Please see response to Q1.

Question 8: What are your views on our assessment that the proposed RPM (PS under UNC678A) achieves, inter alia, the following objectives:

- a) enables network users to reproduce the calculation of reference prices and their accurate forecast;**
- b) presents a better option than CWD for the recovery of the costs of the gas transmission system in the presence of a meshed network characterised by spare capacity and declining usage, and where cost-reflectivity is less relevant;**
- c) ensures non-discrimination and prevents undue cross-subsidisation (you may refer to the results of NGGT's Cost Allocation Assessment ("CAA") published as a subsidiary document to this consultation);**
- d) ensures that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system;**
- e) ensures that the resulting reference prices do not distort cross-border trade**

E.ON agrees with Ofgem's assessment and feel the applicable objectives would be better achieved through UNC 0678A.

Question 9: What are your views on our minded-to decision that implementation should take place from 1 October 2020 to coincide with the start of that gas year?

E.ON supports implementation taking place on 1 October 2020, coinciding with the start of the gas year. We would not support a date which does not align with the gas year commencement.

Question 10: Are there any other matters, whether or not addressed in our analysis or minded-to findings, which you think we should take into account in reaching our final determination?

No comments.