



E.ON is not supportive of Ofgem's proposal to determine the share of demand that takes place in Half-Hourly settlement periods in the supplementary workbook using Elexon's demand data due to the fact that the national consumption profiles differ between regions. Therefore we do not believe it is fair to recover costs on a national average. Instead, we propose that the methodology is amended so as to allow costs to be recovered on a regional basis.

E.ON urges Ofgem to consider the impacts to DUoS unit rates in the NHH consumption base as a consequence of DCP268, along with DCP 326 "Introduction of Load Diversification Identifiers for Load Managed Areas (LMA's)" within the price cap, as it is evident that suppliers will be held to higher pence per unit rates over the Red charging period in the Scottish Hydro distribution area.

A primary example of this can be seen in the North Scotland region, SHEPD specify the times that additional load can be taken from the system by domestic consumers for heating boost purposes as denoted by LLFC LMA mapping. This is needed as SHEPD need to manage loads on the network appropriately where customers do not have access to an alternative source of fuel, such as connecting to the Gas network. Consequently, this means customers are forced to take additional load for charging heating equipment over the Red charging period (16.00-19.00) but cannot react to the significantly higher price signal. This leaves suppliers exposed to a cost approximately five times higher than that compared to the applicable 2020-21 DUoS unit rate, but not able to adequately recover the cost of supplying electricity to domestic consumers connected in any of the applicable LMAs.

E.ON believes that this demonstrates a clear case where basing the network cost allowance on a national average is unreasonable and could adversely affect cost recovery for suppliers depending on where their domestic customer base is located., This could be addressed by allowing costs to be recovered based on the regional variances in use of system charges.

E.ON is comfortable with Ofgem's proposal to use the Baseline Obligation Values, as we do not believe that there will be too big an impact.

E.ON is supportive of Ofgem's proposals for the Gas transmission exit commodity costs, regarding the new input which we agree will be better aligned.