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22 December, 2009

Dear Malcolm,

National Grid Electricity Transmission System Operator (SO) Incentives for 1 April 2010 - Development of Constraints Forecast 2011/12

I am responding to the above document on behalf of E.ON UK plc. We are concerned that such a significant document has been issued with such little notice for reply. We received a notification last Thursday that the document had been issued which effectively gave us less than four working days to read 40 pages of analysis and formulate a response (within existing work commitments).

In our last response to you we expressed our reservations about the present consultative process. This latest development reinforces our view. As such, we have not been able to spend much effort on this latest document. However, we will attempt to provide you with the best feedback we can on the questions raised.

Do you agree with the development of a two year incentive that includes constraint costs?

No. As with our response to the previous consultation, a two year scheme would significantly increase the likelihood of Income Adjusting Events being raised which is a major risk for BSUoS payers.

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Do you agree with the proposed constraint adjusters be developed?

There doesn't actually appear to have been much development of these adjusters. No exact mechanisms have been specified, rather than a description of how such adjusters may operate. Therefore, we cannot comment on whether or not they are appropriate.

Do you agree with the development of a fully bundled incentive scheme?

Yes. As mentioned in our last response, we believe that a fully bundled one year scheme is the most appropriate proposal.

Yours sincerely

Paul Jones
Trading Arrangements