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**Response to UNC Modification Proposal 030 Extension of
QSEC auction timetable**

Dear Tim

E.ON UK supports the implementation of this proposal. The changes indicated in Ofgem's consultation on Unit Cost Allowances (UCAs) for System Entry Points, create a significant degree of risk to all stakeholders. This proposal provides a practical means with which to minimise some risk, through ensuring clarity on entry UCAs for the QSEC auctions, beginning 1st September 2005.

We agree with the view put forward in the Draft Modification Report, that this proposal would enable the 2005 QSEC auctions to proceed in a timely fashion once there is clarity in the parameters that are used for setting auction prices.

As we have stated in our response to Ofgem's consultation, 'no change' is not an option. The consultation has given rise to the situation where either prices for new and existing entry points change prior to the next LTSEC auction, to effect more cost-reflective prices at the earliest stage possible, or changes to prices are delayed, with the probable outcome of a significant change to bidding behaviour, thereby distorting signals to Transco. The only practical option, therefore, is to ensure all UCAGs are reviewed before the next LTSEC auctions, to represent appropriate estimates of LRICs and to minimise regulatory risk by further prolonging any uncertainty. In the event that Ofgem's decision is not available by 19th August, this proposal provides the flexibility for those changes to be implemented at the earliest date possible.

We would urge for a timely decision on this modification proposal and Ofgem's consultation to further minimise uncertainty to the business.

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Yours sincerely

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