

**Eni UK**

**Eni UK Limited**

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Registered in England (Company number 862823)



NSGP/LET/PS/ys/.../05

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**Julian Majdanski**  
**Panel Secretary**  
**Joint Office of Gas Transporters**  
**Ground Floor Red**  
**51 Homer Road**  
**Solihull**  
**West Midlands**  
**B91 3QJ**

Dear Mr Majdanski

**Response to Urgent Modification Proposal 0042 “Revised Emergency Cash-out price”**

In this letter, Eni UK Limited (“Eni”) have set out why we cannot support E-ON UK’s Urgent Modification Proposal 0042 “Revised Emergency Cash-out price”.

It is our understanding that E-ON UK seek to amend the Emergency Cash-out price within the UNC (Uniform Network Code) from the prevailing single price of the 30 day average SAP to a single price of the SAP. We also understand that this modification proposal (0042), represents E-ON UK’s response to issues raised by Ofgem on the previous modification proposal 0021 “Revised Emergency Cash-out Arrangements”, which was raised by Transco NTS in June 2005 and rejected by Ofgem.

Ofgem have raised many concerns within it’s decision letter on modification 021 “Revised Emergency Cash-out Arrangements”. Eni finds modification proposal 0042 unacceptable in its present form because it fails to address the whole area of “Emergency Cash-out” sufficiently. In particular we consider a single price of SAP would not sufficiently encourage Shippers to balance and would also increase the risk of significant revenue neutrality action as both long and short Shippers would be cashed-out at common price – perhaps far from that paid by the System to balance. Therefore, Eni believe that the current Emergency Cash-out price proposed is not acceptable.

Last week, this modification together with Transco’s proposal “0044” were both presented as “Urgent” with little time for the thorough consultation and reflection deserving a topic of this importance given potential scenarios this winter.



In summary, Eni believe that the current modification is unacceptable because it does not sufficiently address the issues raised by Ofgem on “Emergency Cash-out Arrangements” and Shippers.

We hope our comments will be given due consideration before a final decision is made with regards to the implementation of this proposal.

Yours sincerely,

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