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### **Response to UNC Modification Proposal 073**

Dear Tim

E.ON UK supports this proposal, in principle. It is important for all suppliers to be able to price customers correctly and extending the lead time for the notification of price changes from two to four months enables suppliers to adjust the customer price to reflect the charges actual levied. Moreover, extending the lead time will also reduce the risk premium suppliers currently may need to build into the customer's price.

Conversely, the proposal also runs the risk of inaccurate transportation charges as transporters may have less information available to them when setting the charge, leading to a loss of cost reflectivity and uncertainty with respect to the level of allowed revenue, which Transporters are permitted to recover.

As part of the sale of National Grid's Distribution Networks, E.ON UK stressed the importance of maintaining certainty and stability wherever possible. We are concerned that implementation of this proposal would run the risk of counteracting the stability of changes to charges only once / twice per year, dependent on whether they are transmission or distribution charges. Given that the transporters have a best endeavours licence obligation not to over-recover, we are concerned that the level of transportation charges may be adjusted more frequently than otherwise, to account for a potential increase in volatility. We would want confidence that stability in charges would not be compromised before we could offer our full support for this proposal.

Yours sincerely

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