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Dear Tim,

RE: Modification Proposal 0125 - Introduction of new balancing neutrality charge for cost of residual balancer collateral on the OCM

E.ON UK supports this modification proposal.

We welcome this cost-targeted approach based on Shippers' throughput and we consider that this Modification furthers the relevant objectives under Standard Special Licence Condition A11.1(d).

Our only concern about this Modification Proposal is how National Grid will *prove* that the costs incurred in providing the service for shrinkage provision are clearly separate from those they are suggesting are smeared back to the community; this isn't clear from the proposal.

If you have any questions or queries regarding this response, please do not hesitate to contact me on 02476 181421.

Yours sincerely

Richard Fairholme (by email)
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