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Monday, 10th September 2007

Dear Tim,

**RE: Modification Proposal 0164 – Bi-Directional Connection Point
Overrun Charge Calculation**

E.ON UK offers support to implementation of this Proposal to the extent that it would appear to remove a long-standing workaround, which intuitively we believe should improve on the current arrangements and reflect more accurately the use of the NTS by certain categories of Users.

We believe, however, that the Proposal raises some wider issues which may need to be considered prior to its possible implementation:

- Is it possible or practical to net off and sum overrun charges for entry and exit, when each is subject to different methods of calculation? Does this affect the current disincentive to overrun? Consideration may also need to be given to the impact that implementation of this Proposal could have if implemented in conjunction with CSL's current Draft Modification Proposal on changes to the overrun charge calculation.
- This Proposal introduces a "patch" fix to an existing workaround. There is a much larger piece of work to be done (as recognised in the Proposal) which examines the costs and benefits of overhauling AT Link and associated processes in respect of netting-off of nominations and allocations at bi-directional points.

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Yours sincerely

Richard Fairholme (by email)
Trading Arrangements
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