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Dear Tim

Response to UNC Modification Proposal 0213V Introduction of User Pays Governance Arrangements into the UNC

Proposal 0213V introduces changes to UNC business rules to facilitate the funding of certain industry change via the principle of user pays. It also provides a framework by which relevant change proposals should be progressed.

The user pays principle is of course in its infancy and will evolve over time; however we believe that Proposal 0213V provides a sound administrative basis.

A key aspect of the Proposal is that it provides an iterative process to allow feed back to a modification proposer from the Modification Panel and Ofgem during development. This should help to ensure that development is focussed and on track and that only those proposals that are fully developed in terms of cost allocation will reach final consultation stage. As part of this the Panel can instruct transporters to provide an estimate of costs on a Rough Order of Magnitude basis or on a more detailed basis as required.

Proposal 0213V provides for appropriate cost allocation not just between users and transporters but also between market sectors. It also ensures that any modification proposal for which user pays is deemed the appropriate funding mechanism, includes full justification of the cost allocation. Transporters are required to detail the breakdown of costs which are to be recorded and therefore made transparent.



Where costs are not recovered over time, in line with estimates produced as part of development, Proposal 0213V allows for the subsequent recovery in line with the Agency Charging Statement which again will aid transparency.

E.ON UK believes that Proposal 0213V is an important step in the evolution of the user pays principle and therefore we are in support.

Yours sincerely

Brian Durber (by email)
Retail Regulation