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Dear Customer

LNG STORAGE SERVICES FOR 2010/11

I am pleased to enclose details of our 2010 Annual Storage Invitation (ASI) covering National Grid LNG Storage's services for the 2010/11 Storage Year.

Overview of services for 2010/11

As you may be aware, National Grid announced in December 2009 that it was undertaking a risk and economic review of its three LNG storage facilities. At the time, we stated that, pending the outcome of the review, we would not be offering commercial liquefaction at any of the sites in summer 2010. We also confirmed that, as part of the review, we were considering the future of commercial storage services at each of the three facilities. A copy of the announcement is available on our website at:

<http://www.nationalgrid.com/uk/Gas/Ingstorage/Media/>.

The risk and economic review is ongoing and will be completed in the next few months, in line with original expectations. However, based on the work carried out to date, we are pleased to confirm that we are now in a position to offer some commercial liquefaction services at Avonmouth during the 2010/11 Storage Year. Furthermore, whilst we are not yet able to confirm the amount of liquefaction that may be available at Avonmouth beyond the forthcoming Storage Year, we will, as a minimum, make available sufficient storage space in Storage Year 2011/12 to allow customers to carry over any unused stock from the 2010/11 Storage Year (adjusted for boil-off).

With respect to Partington and Glenmavis, the position remains unchanged from last December. Specifically, we are not offering any liquefaction capacity at these facilities for Storage Year 2010/11 through the 2010 ASI. As such, the space offered at Partington and Glenmavis for the Storage Year 2010/11 reflects current stock levels (adjusted for boil-off). As mentioned above, the review of the facilities is ongoing and therefore we are not in a position to confirm the availability of commercial storage services at these two facilities beyond the forthcoming Storage Year. However, our current view is that participants in this year's LNG Storage auction should plan on the basis of a reduction in storage services from these facilities from May 2011.

Indicative quantities of storage capacity available for purchase in Storage Year 2010/11 can be found in Appendix 1 of the 2010 ASI (enclosed). However, in view of the fact that the

amount of storage space we are proposing to sell is based on the level of commercial stock at the end of the current Storage Year, we will issue an updated Appendix 1 on 26 March to reflect any further exports of gas from the three facilities in the intervening period.

Auction Structure & Prices

For 2010/11 we will continue to invite applications for storage capacity at our three LNG storage facilities by way of a two stage, pay-as-bid auction process. In line with arrangements introduced in 2008, 75% of the available storage capacity will be offered for sale in stage one with the remaining 25% being made available in stage two. Stages one and two of the auction process will be held on the 1st and 7th April 2010 respectively.

In developing the 2010 ASI we have held all prices at the same level as for Storage Year 2009/10.

Next steps

If you have any questions in relation to the 2010 ASI or if you would like someone to visit you to discuss the services in more detail, then please contact either myself on 01926 655583 or Heather Lockyer on 01926 653440 (heather.j.lockyer@uk.ngrid.com).

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Golding', written in a cursive style.

Matt Golding
Business Development Manager (UK LNG)
National Grid LNG Storage

Enclosures: 2010 Annual Storage Invitation