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Dear Martin

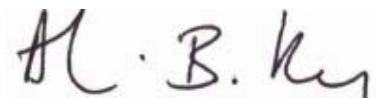
**Notice under section 23 of the Gas Act 1986 (re modification of the Special Conditions of National Grid Gas plc's gas transporters licence) to amend Special Condition C8F (NTS System Operator external incentives, costs and revenues) and add Special Condition C29 (Requirement to undertake UAG Projects to investigate the causes of Unaccounted for Gas (UAG))**

I refer to the notice (the "Notice") given by the Gas and Electricity Markets Authority on 14<sup>th</sup> December 2011 pursuant to section 23 of the Gas Act 1986 (the "Act") that proposes to modify National Grid Gas plc's ("National Grid") gas transporters licence (the "Licence") in the manner set out in the Schedules to the Notice.

We have previously written to Ofgem to note our concerns in relation to the reduction in the demand forecasting adjustment factor for storage and would appreciate if this is taken into account in considering the appropriate changes to be made to the Licence. However, I am writing to confirm that National Grid does not otherwise object to the final proposals and consequential changes to the licence as detailed within the Notice.

If you would like to discuss this response further, in the first instance please contact Mike Thorne ([mike.thorne@uk.ngrid.com](mailto:mike.thorne@uk.ngrid.com) on 01926 656382).

Yours sincerely



Alison Kay