

The Joint Office, Relevant
Gas Transporters, shippers and other
interested parties

Lesley Ramsey
Commercial Analyst
Gas Charging and Access
Development

lesley.ramsey@uk.ngrid.com
Direct tel +44 (0)1926 654048
Direct fax +44 (0)1926 656604

www.nationalgrid.com

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Dear Colleague

Review of Incremental Entry Capacity Release Methodology Statement 2010

Special Condition C15 of National Grid Gas plc's ("National Grid") Gas Transporter Licence in respect of the NTS ("the Licence"), sets out obligations to prepare and annually review the Incremental Entry Capacity Release Methodology Statement ("IECR"). As part of the review, National Grid is obliged to consult with Shippers and other interested parties on proposed changes. This letter provides notification of the proposed changes to the IECR and invites views on those revisions.

Having reviewed the methodology National Grid is proposing to make one change affecting the release of incremental entry capacity plus some general housekeeping changes.

The proposed changes are:

- New ASEPs included in the licence
- Minor updates.

New ASEPs included in the Licence

This proposed change to the IECR allows requests for incremental capacity to be made only where revenue drivers are agreed prior to the applications.

Paragraphs 22 and 23 of the IECR provide more detail.

This change is being proposed to the IECR because capacity to be made available in excess of the existing system exit capacity, i.e. incremental capacity, may require investment. National Grid requires assurance regarding funding, which is agreed via the revenue driver, before committing to any course of action to make the incremental capacity available. This proposed change to the IECR documents, but does not change, current practice.

National Grid would appreciate the comments of Shippers and other interested parties on the proposed changes to the IECR. Responses should arrive at National Grid by 17:00 on 29th October 2010. They should be sent to:

Lesley Ramsey
National Grid
Transmission: Commercial
NG House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Alternatively they can be sent by e-mail to:
box.transmissioncapacityandcharging@uk.ngrid.com
Please cc to lesley.ramsey@uk.ngrid.com.

To assist in reviewing the proposed changes the following documents are available on National Grid's website via:

www.nationalgrid.com/uk/Gas/Charges/statements/transportation/iecr

- A clean copy of the proposed IECR: version 10.1;
- A marked comparison of the proposed IECR (v10.1) to the current approved IECR (v9.3); and
- The current approved IECR: version 9.3, effective 14th January 2010.

Yours sincerely

Lesley Ramsey