

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

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Dear Colleague

Re: Consultation on “The Entry Capacity Substitution Methodology Statement”.

Special Condition C8D of National Grid Gas plc’s (“National Grid”) Gas Transporter License in respect of the NTS (the “Licence”) sets out obligations to prepare and annually review the entry capacity substitution methodology statement.

As presented at the Transmission Work stream meeting on 1st July 2010 National Grid believes that the entry capacity substitution methodology has been working successfully, although only one small incremental capacity request was received in 2010. National Grid also noted that timescales for substitution analysis are challenging.

Apart from some general date related changes, National Grid is only proposing to make the following minor changes

- Clarification of the application of Entry Zones (paragraph 58) and addition of new ASEPs in Appendix 1
- Clarity in identifying the least interactive ASEP for supply/demand balancing (paragraphs 74 and 76)
- Minor Updates to reflect date changes etc
- Deletion of transitional rule for new ASEP specific auctions.

In accordance with the above Licence condition National Grid is required to consult on its proposals before submitting them to the Authority for approval. This letter therefore provides notice of the proposed Entry Capacity Substitution Methodology Statement and invites views on the proposal.

A copy of the proposed Methodology Statement (v1.1) and a comparison to the current version (v1.0) accompanies this letter.

Responses to this consultation should arrive at National Grid by 17:00 on 10th September 2010. They should be sent by e-mail to:

box.transmissioncapacityandcharging@uk.ngrid.com.

Please copy to lesley.ramsey@uk.ngrid.com and request a “read receipt” to confirm delivery.

Alternatively they can be sent by post to the above address marked for the attention of:

“Lesley Ramsey
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Responses will be placed on National Grid's website and incorporated within the consultation conclusions report. If you wish your response to be treated as confidential then please mark it clearly to that effect.

Yours sincerely

Lesley Ramsey