

Compliance Statement

National Grid Gas plc

Prepared pursuant to paragraph 4 of Standard Special Condition A33 of the gas transporter licence granted to National Grid Gas plc (registered in England with number 2006000) whose registered office is at 1-3 Strand, London WC2N 5EH under section 7 of the Gas Act 1986 which it holds in respect of its UK gas distribution business.

8 July 2010

Version Control

Version	Date of Change	Summary of Changes
2	23.11.05	To reflect re-branding of Transco plc to National Grid Gas plc and Transco Metering Services Limited to National Grid Metering Limited
3	13.12.07	To add arrangements for separation from any group trading business
4	03.04.08	To reflect organisational changes
5	08.07.10	Removal of the reference to "Trading Business" to reflect the sale of Fulcrum Pipelines. To reflect that meter reading services have moved to Utility Metering Services Ltd To reflect changes in job title of directors of National Grid Metering and Utility Metering Services

Definitions

For the purposes of this statement, the following definitions apply:

Confidential Information	<p>Means information relating to, or derived from, the Transportation Business which is not published or otherwise legitimately in the public domain :</p> <ul style="list-style-type: none"> (i) except where such information is made available on an equal basis to any meter asset manager; (ii) except where such information appertains to a customer who at the time to which the information relates was a customer of the relevant supplier; or (iii) where the Authority otherwise consents in writing
Transportation Business	<p>Means the business of National Grid Gas in respect of its UK gas distribution business</p>
MRSB	<p>Means Meter-related services business as defined in the GT licence</p>

MRB	Means meter reading business as defined in the GT licence
GT Licence	Means the gas transporters licence held by National Grid Gas plc in respect of its UK gas distribution business

Introduction

This is the Compliance Statement (“Statement”) prepared by National Grid Gas plc pursuant to Standard Special Condition A33 of its GT Licence. The purpose of this statement is to describe the practices, procedures and systems, which National Grid Gas plc as the holder of the GT licence (“National Grid Gas”), has adopted (or intends to adopt) to secure compliance with its obligations under :

- Paragraph 2 and
- Paragraph 3

of Standard Special Condition A33 (Restriction on use of Information and Independence of the Transportation Business) of its GT licence, which, respectively provide how National Grid Gas :

- shall maintain managerial and operational systems which prevent any MRSB (National Grid Metering Ltd) or MRB (Utility Metering Services Ltd), from having access to confidential information other than as permitted by paragraphs 2(a) and 2(b) of Standard Special Condition A33; and
- shall at all times manage and operate the Transportation Business in a way calculated to ensure that it does not restrict, prevent or distort competition in the supply of meter related services or meter reading

(together, “the Conditions”).

As required by paragraph 4 of Standard Special Condition A33, this statement sets out how National Grid Gas shall, save as otherwise excepted by the written consent of the Authority:

1. maintain the full managerial and operational independence of the Transportation Business from the MRSB, MRB and trading business;
2. maintain the branding of the Transportation Business so that it is fully independent of the branding used by its MRSB, MRB and trading business;
3. secure that no breach of the requirements of the Conditions occurs as a result of any arrangements for the use of or access to:

- (i) premises or parts of premises occupied by persons engaged in the management or operation of the Transportation Business;
 - (ii) systems for the recording, processing or storage of data to which persons engaged in, or engaged in respect of, the management or operation of the Transportation Business;
 - (iii) equipment, facilities or property employed for the management or operation of the Transportation Business; or
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Transportation Business; and
4. manage the transfer of employees from the Transportation Business to its MRSB and MRB.

National Grid Gas will use its best endeavours to ensure compliance with the terms of this statement.

This statement can be amended only with the approval of the Authority.

1. Managerial independence of the Transportation Business

Since the implementation of the review of gas metering arrangements “RGMA”, National Grid Gas has adopted and will maintain a separate and independent management structure for the Transportation Business from the management of the MRSB and MRB business as described below.

The management of National Grid Metering is separate and independent from the management structure for National Grid Gas’ Transportation Business. Under this structure, the Director of National Grid Metering Limited has full management responsibility for the MRSB. The Director of National Grid Metering Ltd is not a member of the National Grid Gas Board or Gas Distribution Executive Committee and retains full autonomy over the operational activities and management decisions of the MRSB.

The management of Utility Metering Services Ltd is separate and independent from the management structure for National Grid Gas’ Transportation Business. Under this structure, the Director of Utility Metering Services Ltd has full management responsibility for the MRB. The Director of Utility Metering Services is not a member of the National Grid Gas Board or Gas Distribution Executive Committee and retains full autonomy over the operational activities and management decisions of the MRB.

The separated MRSB and MRB are contracted to the Transportation Business for the delivery of the metering services and meter reading services that the Transportation Business is obliged by the GT Licence and its network code to deliver.

2. Operational Independence of the Transportation Business from its MRSB and MRB

Effective from RGMA, National Grid Gas has adopted a separate operational structure for the Transportation Business from the operational structure of the MRSB and the MRB. Save as otherwise excepted by the written consent of the Authority, this will continue.

3. Branding

Pursuant to the written consent of the Authority, National Grid Gas is relieved of its obligation to implement separate branding for the Transportation Business to the branding used for the MRSB and MRB.

4. Use of equipment, facilities, property and personnel employed by the Transportation Business

(A) Accommodation

Effective from RGMA, National Grid Gas has and will continue to ensure that the Transportation Business is located in separate accommodation to that of the MRSB and MRB.

(B) Information systems

Effective from RGMA, National Grid Gas has and will, save as otherwise excepted by the written consent of the Authority, restrict access to Confidential Information about the Transportation Business by ensuring that there is controlled access to information systems by personnel employed by or in respect of the MRSB or MRB.

(C) Use of equipment, facilities, property and personnel employed by gas transportation

National Grid Gas will ensure that no breach of the Conditions arises by the Transportation Business through the transparent and cost reflective allocation of

charges for any equipment, facilities, property and personnel employed by the Transportation Business that are utilised for the provision of the MRSB and MRB.

5. Transfer of employees from the Transportation Business

National Grid Gas will manage the transfer of employees from the Transportation Business to ensure that any employee who transfers to the MRSB or MRB does not possess Confidential Information that would be commercially valuable to the MRSB or MRB that was acquired less than three months before the date of any such transfer.

6. Compliance Rules

National Grid Gas will adopt Compliance Rules, applicable to the relevant staff and agents of the Transportation Business and any shared business services, giving guidance on disclosure of information about the Transportation Business to the MRSB or MRB , save where otherwise permitted by:

- the Authority's consent;
- because it is in the public domain or made available on the same basis to the meter-related services business and/or the meter reading business of any other gas transporter; and /or
- relates to a customer who is at that time a customer of the relevant supplier.

Further information

Requests for further information about this statement should be addressed for the attention of the Compliance Officer at :

National Grid Gas plc
Legal Department
National Grid House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA