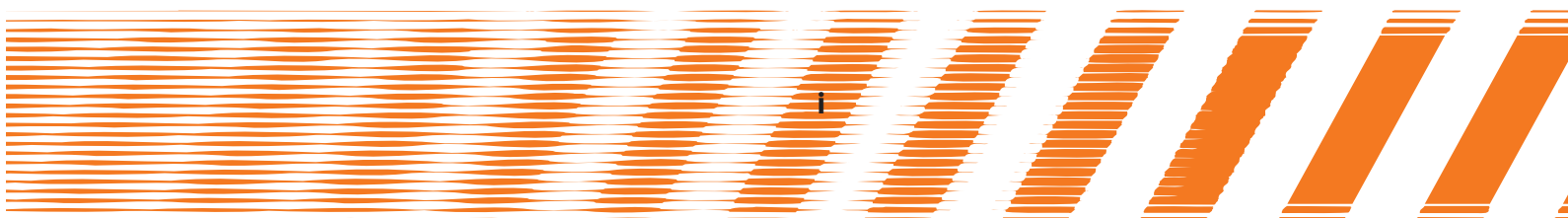




Foreword



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We are pleased to present our 1998 Ten Year Statement. This has been produced in accordance with Condition 12 of BG's Public Gas Transporter License which requires us to publish annually a ten-year forecast of transportation system usage and likely developments to the system.

The Statement explains our volume forecasts, system reinforcement projects, investment plans and pricing methodology. It has been published at the end of the 1998 planning process and follows on from the 1998 Base Plan Assumptions published in December 1997. It also forms a link with the 1998 Transportation Charges Statement presented in September.

Changes For 1998

The document takes account of comments made on our 1997 Ten Year Statement. You will therefore find more detail this time on gas demands, Irish Interconnectors and particularly some of the issues facing the UK Gas Industry. We intend to develop this section further next year and to include detailed analysis of various future events that could influence the demand for, and the supply of, natural gas.

For the first time we have also sent you an executive summary as a separate document. Hopefully you'll find this a useful, quick reference to the most important aspects of the main document. If you require only a copy of the summary in future, please let us know.

Layout

The first chapter reviews our 1997 activities and includes information on investment, domestic competition, actual volumes, the Network Code and standards of service. The next chapter outlines the process for planning the development of the system, including supply and demand forecasts, system reinforcement projects and associated investment. Chapter 3 covers transportation charges, including information about the pricing methodology, while the final chapter discusses some of the issues facing the UK gas industry, including the impact of the European Interconnector and the interaction of the gas and electricity markets.

These four chapters provide an overview of the key issues, with all the detail contained in the appendices which have been rearranged in a more logical sequence this year. Hopefully this will make it easier to find the information you need. We've also included an extended glossary to provide a quick reference to some of the terms used.

I hope you find the 1998 Ten Year Statement both interesting and informative. We always welcome a response from readers, which is why we have attached a feedback form.

I look forward to receiving your views on the Statement, including suggestions as to how it might be further improved.



Nigel Shaw
Director, Commercial

September 1998