

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

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13 August 2007

Dear Colleague

Initial Consultation on the Transfer and Trade Methodology Statement

Special Condition C8D of the Authority's proposals for National Grid's Gas Transporter Licence in respect of the NTS (the "Licence") requires National Grid NTS ("National Grid") to develop methodologies for the transfer and trade of NTS Entry Capacity between Entry Points. On 2nd May 2007 National Grid commenced consultation on its proposals for a Methodology Statement specifying the process by which National Grid would undertake Entry Capacity Transfers and Trades.

The consultation was undertaken in parallel with the development of UNC modification proposals 150 and 151¹. Subsequently these modifications (and alternate proposals) were rejected.

At the conclusion of the consultation National Grid considered that it would not be appropriate to submit a proposed Methodology Statement to the authority for approval for two reasons:

- Further development of UNC processes in later modification proposals may require adjustment to the Methodology Statement.
- Continued consultation on the form of the Licence meant that the Authority had no means to approve the Methodology Statement.

Thus National Grid did not publish a consultation conclusions report.

National Grid has now raised a new UNC modification proposal² and is consulting on a revised Methodology Statement. National Grid expects to publish a report on this consultation soon after the end of the consultation period. However, National Grid considers that it would be useful to publish the responses that were received to the initial consultation.

¹ UNC modification proposals 150 Introduction of the AMTSEC Auction and 151 Transfer of Sold Capacity between ASEPs (and alternates).

² UNC modification proposal 156 Transfer and Trading of Capacity between ASEPs (and alternate).

These can be found on National Grid's web site at:
<http://www.nationalgrid.com/uk/Gas/Charges/statements/transportation/ecttms/>

Yours sincerely

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