

Pascal De Buck
Deputy Director
Fluxys SA
Avenue des Arts 31
B-1040 Brussels
Belgium

21 July 2006

Dear Pascal,

GAS QUALITY

I have to say I was quite surprised by your letter of 12 July, which was also signed by Mr Wittebolte and Mr Trienekens, about gas quality.

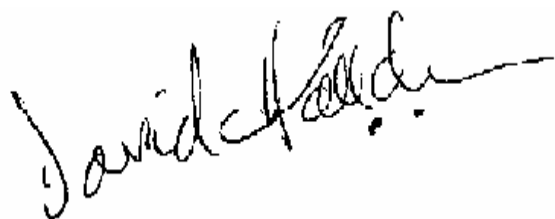
You made the points in the letter when we met at the CREG on 4 May. Since then we have written to you on two occasions (first on 5 May) seeking information which would help in addressing the problem of gas quality. It is unfortunate that you have still not provided any of the data we have requested although you have now had almost three months to do so.

The most efficient solution is one which will allow the market to determine the best provider of treatment services for their gas. This could be from services provided at Bacton, Zeebrugge or at the interconnector itself. However, for shippers to take efficient decisions about gas treatment services, and for the necessary investments to be made, it is essential that sufficient information is made available. It is therefore very disappointing that, even after such a long delay, you have failed to provide the information we have asked for. Not only would it be helpful if you were to provide that specific information quickly, you could also consider what information you could make available on a regular basis to the market which would help shippers in this regard.

Despite the difficulties that this lack of progress by Fluxys is causing, Ofgem is continuing to seek ways to facilitate a solution to the problem of gas quality. We have asked National Grid to undertake an assessment of the options for gas treatment at Bacton. A copy of the preliminary findings is available on their website and we understand that the full study will be published shortly. It would be useful if Fluxys were to undertake a similar study in relation to the options for treatment at Zeebrugge and to publish the results. We have also organised a workshop on gas quality to which industry participants (including Fluxys) have been invited, to explore ways forward.

Perhaps you could inform me whether you still intend to provide the information we have asked for, and if so by when, and whether you intend to take up any of the other suggestions in this letter.

As the contents of this correspondence are of interest to market participants for the reasons I have explained above, I have arranged for this letter and yours to be published on the Ofgem Website.

A handwritten signature in black ink, appearing to read 'David Halldearn', written in a cursive style.

David Halldearn

Cc: Mr J. Enzmann, DG Tren
Mr D Schnichels, DG Comp
Mr Wittebolte, CEO, Fluxys
Mr Trienekens, Gas Transport Services B.V.
Mr S Cocks, NGT
Mr R Cornish, IUK