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value for all customers*

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12 October 2006

Dear Paul

**Consent pursuant to paragraphs 2 and 6 of Standard Special Condition A33 (Restriction on Use of Certain Information and Independence of the Transportation Business) of the Gas Transporters' licence granted to National Grid Gas plc ("NGG")**

Thank you for your letter dated 7 June 2006 and subsequent correspondence in relation to the above matter.

Having carefully considered your request, the Authority is minded to grant the consent requested by NGG, in relation to paragraphs 2 and 6(a), (b), (c) and (d) of Standard Special Condition A33 ("the Condition"). A copy of the consent is enclosed and takes effect from 12 October 2006.

Please note that the Authority has granted a consent in respect of paragraph 6(b). This is because the consent dated 25 May 2005 appears not to relieve NGG of its obligation to include information on maintaining independent branding of the transportation business from the branding of its gas metering business in the statement which is required under paragraph 4 of the Condition. The consent dated 17 August 2006 addresses this point.

The Authority would not expect to take any enforcement action in relation to the breach of paragraphs 2 and 6 of the Condition between 1 June 2005 and the date of issue of the consent (12 October 2006). However, the Authority reserves the right to review its decision not take any enforcement action in relation to any breach of either paragraph 2 or 6 of the Condition in light of any change in circumstance and after giving reasonable notice to amend or revoke its decision (in whole or in part).

In providing this letter the Authority is bound to act within and apply its statutory duties. In so doing, the Authority is not exercising its concurrent powers under the Competition Act 1998. Should evidence arise that indicates conduct giving rise to anti-competitive concerns, Ofgem will consider whether any action is required under either the Condition

or under other licence or statutory powers available to it, including those contained in the Competition Act 1998 or the Enterprise Act 2002.

This letter relates solely to the licence held by NGG in respect of the National Transmission System and NGG shall not be entitled to assign any rights it may have hereunder.

The purpose of this letter is to provide comfort on the Authority's current intention. It is not intended to create any rights enforceable in a court of law or to fetter the discretion of Ofgem or the Authority in any way in the discharge of their functions. Expressions of intent in this letter are to be construed accordingly.

If you wish to discuss any aspect of this letter, Richard Miller (telephone 0141 331 6013) would be pleased to assist.

A handwritten signature in black ink, appearing to read 'R Hull', with a horizontal line underneath.

Robert Hull  
**Director of Transmission**  
**Duly Authorised by the Authority**