

Joanna Whittington
Director of Distribution
Ofgem
9 Millbank

London
SW1P 3GE

26 January 2007

Paul Whittaker
Director of Regulation

Paul.Whittaker@uk.ngrid.com

Direct tel +44 (0)1926 656520

www.nationalgrid.com

Gas Distribution Price Control Review Third Consultation Document

Dear Joanna

Attached is National Grid Gas Distribution's response to the Gas Distribution Price Control Review Third Consultation document published in November 2006. We are happy for our response to be placed on the Ofgem website.

The consultation provides a clear and balanced review of the incentives and regulatory framework that could form the basis of the main price control and it is on this premise that we have considered the questions raised within. Clearly, the setting of appropriate and balanced incentives will be fundamental to securing a framework that is both sensible and achievable. A key objective in revising the regulatory framework should be to ensure any incentive is reflective of the operational needs and constraints whilst ensuring a fair balance between customers and GDNs.

Should you have any questions on our response, please do not hesitate to contact me.

Yours sincerely

Paul Whittaker