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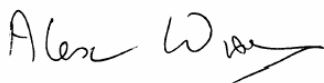
Dear John

**Sustainable development report 2006**

Northern Gas Networks (NGN) is responding to Ofgem's Sustainable Development Report. The main issue of relevance to us is the proposal to expand the EU emissions trading scheme (EU ETS) to cover all greenhouse gas emitting sectors, potentially also including the leakage of gas from gas distribution networks.

NGN is fully supportive of measures to ensure sustainable development and to minimise the impact of climate change and NGN has a policy in place to control and reduce leakage. However, if leakage from gas distribution networks is to be included in the EU ETS then recognition of this and an appropriate allowance is required as part of the gas distribution price control now being undertaken.

Yours sincerely



Alex Wiseman  
Regulation Director