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Dear Sonia

Notice under section 23 of the Gas Act 1986 (System Operator Incentives from 1 April 2007)

I refer to the notice (the "Notice") given by the Gas and Electricity Markets Authority on 21 March 2007 pursuant to Section 23(3) and (4) of the Gas Act 1986 (the "Act") that it proposed to modify National Grid Gas plc's Gas Transporter licence in respect of its National Transmission System ("NTS licence") in the manner set out in the Schedule to the Notice.

We have, during the consultation period, discussed with Tim Dewhurst the need for a minor typographical error within the proposed definition of "Pension Costs" to be corrected.

Accordingly, subject to the definition of "Pension Costs" to be inserted in paragraph 14(10) of Special Condition C8B being amended by substituting the reference to "transportation system" with "transportation business" I confirm that, for the purposes of Section 23 of the Act, National Grid Gas plc hereby consents to the modification of its NTS licence in the manner specified in the Schedule to the Notice.

Yours sincerely

by e-mail

Paul Whittaker