



The Company Secretary
Scotland Gas Networks plc
Inveralmond House,
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Perth,
Perthshire, PH1 3AQ

*Promoting choice and
value for all customers*

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Date: 9 July 2007

Dear Sir/Madam,

Direction pursuant to Standard Special Condition D3: Long Term Development Statement

1.1. In a letter dated 25 May 2007 Wales and West Utilities (WWU), the gas distribution network (GDN) operator requested the Authority to amend the Direction pursuant to Standard Special Condition D3: Long Term Development Statement. WWU requested that the date on which they and the other GDNs should prepare the annual statement could be changed to 31 October 2007 and each subsequent formula year. WWU stated that this would allow them and other GDNs additional time to incorporate into the annual statement information regarding annual capacity allocations that is only made available to them by National Grid NTS on the 30 September. WWU considered that this would improve the accuracy of the annual statement.

1.2. In an email dated 6 June 2007 Scotland Gas Networks plc confirmed its agreement to WWU's proposal to amend the Direction, as did the other GDNs.

1.3. Having considered the above, the Authority agrees to the request and directs Scotland Gas Networks plc and all GDNs to prepare the annual statement by 31 October 2007 and each subsequent formula year. Please find attached the amended Direction for Scotland Gas Networks plc.

1.4. Please contact me on 020 7901 7294 if you have any questions in relation to this letter.

Yours sincerely

Indra Thillainathan

Senior Analyst, Gas Distribution