



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

*Promoting choice and
value for all customers*

**GAS TRANSPORTERS LICENCE
STANDARD SPECIAL CONDITION D3: Long Term Development Statement**

**Direction issued by the Gas and Electricity Markets Authority pursuant to
Standard Special Condition D3: Long Term Development Statement**

Whereas:

(a). Scotland Gas Networks plc ('the licensee'), a company registered in England and Wales with company number SC264065 and registered at Inveralmond House, 200 Dunkeld Road, Perth, Perthshire, PH1 3AQ is the holder of a gas transporters licence granted by the Gas and Electricity Markets Authority ('the Authority') under section 7 of the Gas Act 1986 ('the Act') on 5 November 2004.

(b). On 1 May 2005 the Authority introduced Standard Special condition D3 ('the condition') into the licence. Paragraph 1 of the condition requires the licensee to comply with a direction given by the Authority to prepare an annual statement ("the annual statement") in respect of each Distribution Network (as defined in Special Condition E2A (Revenue Restriction Definitions in respect of the Distribution Network) in such form and at such a time as may be specified in the direction giving, with respect to each of the 10 succeeding years beginning with 1 October, such information by way of forecasts of the use likely to be made of the pipe-line system to which this licence relates; and the likely developments of that system and those facilities which the licensee expects from time to time to be taken into account in determining the charges for making connections to that system and in pursuance of transportation arrangements as it is reasonably practicable for the licensee to provide and which will assist a person who contemplates certain activities set out in paragraph 1 of the condition.

(c). Pursuant to paragraph 1 of the condition, by Direction dated 1 May 2005 ("the 2005 Direction"), the Authority directed the licensee to prepare the annual statement by 30 September 2005 and each subsequent formula year. A Direction in the same terms was given on the same date to each holder of a gas transporter licence ("other licensees").

(d) By letter dated 25 May 2007 Wales and West Utilities ('WWU') requested the Authority to amend the Direction so that the date on which WWU and other licensees should prepare the annual statement could be changed to 31 October 2007 and each subsequent formula year. WWU submitted that this would allow them and other licensees 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, and submitted that this would improve the accuracy of the annual statement.

(e) In an email dated 6 June 2007 the licensee confirmed its agreement to WWU's proposed change of date for preparing and publishing the annual statement. Other licensees have also agreed to the proposal and to an amendment of the Direction given to them or their predecessors.

NOW, the Authority having considered the reasons stated in the Licensee's request **HEREBY DIRECTS AS FOLLOWS:** In accordance with paragraph 1 of the condition, the Authority directs the Licensee to prepare the annual statement by 31 October 2007 and each subsequent formula year. In all other respects the 2005 Direction shall continue in effect.

Dated 9 July 2007

Joanna Whittington
Director of Gas Distribution

Duly authorised by the Authority