

National Grid Compliance Arrangements – Sent via e-mail

From: Court, Richard
Sent: Friday, May 11, 2007 4:28 PM
To: 'robert.hull@ofgem.gov.uk'; 'Andrew.Mann@ofgem.gov.uk'
Cc: Greasley, John
Subject: Compliance Arrangements

Bob,

At the offshore monthly meeting on Tuesday you requested that we write to you setting out the processes we have put in place to demonstrate that we are not inappropriately sharing information from NGET to the unlicensed side of our business which may be preparing to bid to become an offshore TO. As you know, we have already put in place arrangements and have been operating under them since we started working on the project last year. We have ensured that the people working on the GBSO element of the project have been kept separate from those working on prospective offshore TO activities and we have kept any discussions and information imparted between ourselves and Ofgem confidential to which ever side has had the discussion. You requested us to consider any further steps which could be provided given the step up in the workload we will be undertaking. We would like to propose the following framework that will provide you with the assurance that we will implement reasonable measures to guard against the perceived risk.

- We will put in place a Code of Conduct describing what checks and restrictions will be imposed internally (between the different departments working within National Grid on the project) to ensure no unfair commercial advantage is passed in terms of information flows or cross-subsidy. We have undertaken to provide you with a draft of this Code of Conduct by Friday 18th May
- The Code of Conduct will sit within the remit of the National Grid Electricity Transmission compliance officer (the officer is a requirement of our Transmission Licence)
- We will monitor (via the compliance officer) to oversee compliance with the Code of Conduct (i.e. testing awareness understanding and challenging processes in terms of adequacy and adherence)
- We will run an awareness programme internally to ensure that all who could be working on the project are aware of their responsibilities in this area

I trust that this process will provide you with the necessary assurance on our activities.

Regards

Richard Court

*Commercial Planning Manager
UK Transmission - Commercial*