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*Promoting choice and  
value for all customers*

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Date: 18 March 2008

Dear Shafqat

### **Annual review of the Balancing Principles Statement and Procurement Guidelines**

As required by Standard Condition C16 of the Electricity Transmission Licence (Standard Condition C16), National Grid Electricity Transmission (NGET) has submitted a report (the Report) to the Gas and Electricity Markets Authority (the Authority) on its annual review of the Balancing Principles Statement (BPS) and Procurement Guidelines (PG). NGET has proposed a number of minor 'housekeeping' changes to the BPS and has proposed no changes to the PG. In accordance with Standard Condition C16, NGET consulted industry on the proposed changes to the BPS and also invited comments on the BPS and the PG more generally. NGET received no responses to its consultation.

Details of the proposed changes to the BPS are set out in Appendix 2 of the Report and are summarised below:

<b>Section</b>	<b>Change</b>	<b>Comment</b>
Part C, Paragraph 1	Insert 'GB' before 'National Grid'.	Change required to correct the term in line with the definition in the Grid Code.
Part C, Paragraph 1	Delete 'NGC Demand' and replace it with 'GB Transmission System Demand'.	Change required to correct the term in line with the definition in the Grid Code.
Part C, Paragraph 6	Delete '(see Part H)' in the first sentence.	Change required to remove a redundant reference.
Part E, Section 2, Within Day Balancing Process – Control Phase	Delete 'Sections 3 and 4' and replace with 'Sections 5 and 6'.	Change required to ensure correct reference to appropriate sections.

The Authority has considered the changes to the BPS proposed by NGET and has also considered the BPS and PG more generally. The Authority agrees that the changes to the BPS proposed by NGET are 'housekeeping' changes and reflect only minor textual revisions. The Authority has no additional comments regarding the PG or BPS more generally.

Pursuant to Standard Condition C16, the Authority agrees, having had regard to its principal objective and statutory duties, that that NGET may modify the BPS as set out in Appendix 2 of the Report to take effect from 1 April 2008.

Thank you for your letter, please contact me on the above telephone number if you would like to discuss this further or contact Kirsten Hall on 020 7901 7362 or Alessandro Rubino on 020 7901 7216.

Yours sincerely

A handwritten signature in black ink, appearing to read 'AWR', with a long horizontal line extending to the right from the end of the signature.

Andrew Wright  
Managing Director, GB Markets  
Signed on behalf of the Authority and authorised for that purpose by the Authority.

cc: Alison Kay – General Counsel and Company Secretary.