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to customers*

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Our Ref:  
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29 May 2008

Dear Mark

**Information Provision for 2008/09 SO Incentive Scheme: formal information request under paragraph 14 of special condition C5 of NGG's transporter licence**

The Authority<sup>1</sup> has today issued a Direction modifying special condition C14 of National Grid Gas's (NGG's) transporter licence by removing the requirement for NGG to provide information relating to the residual balancing incentive and the system balancing incentive under the terms of its licence.

We require NGG to provide the following data items in accordance with the spreadsheet accompanying this letter:

◆ **Monthly data pack**

- A detailed monthly submission of data relating to the utilisation and payments/revenues arising from particular balancing services.

The Authority is requesting this information pursuant to paragraph 14 of Special Condition C5 of NGG's transporter licence, in order to monitor effectively NGG's procurement and use of system management services and its performance against its incentive scheme.<sup>2</sup>

The Authority requires that the information set out in the spreadsheet be provided to Kirsten Hall ([kirsten.hall@ofgem.gov.uk](mailto:kirsten.hall@ofgem.gov.uk)), to Alessandro Rubino ([alessandro.rubino@ofgem.gov.uk](mailto:alessandro.rubino@ofgem.gov.uk)) and to [soincenitve@ofgem.gov.uk](mailto:soincenitve@ofgem.gov.uk).

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<sup>1</sup> Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority (the "Authority"), the regulator of the gas and electricity industries in Great Britain. Ofgem's primary aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority was established by the Utilities Act 2000 and its powers are provided for under the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998, the Utilities Act 2000, the Enterprise Act 2002 and the Energy Act 2004. The terms "Ofgem", "we" and "the Authority" are used interchangeably in this letter.

<sup>2</sup> External balancing costs incurred in the period 1 April 2008 to 31 March 2009 are covered by NGG's SO incentive scheme.

Please note that a failure to comply with this information request may result in the enforcement of the relevant licence condition and the imposition of a financial penalty.<sup>3</sup>

Ofgem may also request information on an ad hoc basis as and when it is required. NGG should also continue to bring to the attention of Ofgem any information or data which it considers is relevant to the efficient, economic and co-ordinated operation of the GB transmission system.

Please contact Kirsten Hall on 020 7901 7362 or Alessandro Rubino on 020 7901 7311 if you would like to discuss any aspect of this letter further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kersti Berge', written in a cursive style.

**Kersti Berge**

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<sup>3</sup> Under section 30A of the Gas Act 1986, where the Authority is satisfied that a licence holder has contravened or is contravening any relevant condition, the Authority may, subject to section 30C, impose on the licence holder a penalty of such amount as is reasonable in the circumstances of the case.