

NOTICE PURSUANT TO SECTION 38A GAS ACT 1986

Reasons for the decision of the Gas and Electricity Markets Authority to grant consent to Scotland Gas Networks plc

Whereas on 12 of May 2008 the Gas and Electricity Markets Authority granted consent to Scotland Gas Networks plc (the "licensee"), Company Number SC264065 of Inveralmond House, 200 Dunkeld Road, Perth, Perthshire PH1 3AQ under Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing) ("SSC A36") of the gas transporter licence granted by the Authority to the licensee, on the licensee's request.

Now in accordance with section 38A of the Gas Act 1986, the reasons for the decision of the Authority to grant the SSC A36 consent are to enable the licensee to make certain service arrangements and enter into agreements (including an agreement for provision of offtakes and general assets maintenance services to Transco plc (now known as National Grid Gas plc), and to enter into emergency assistance agreements for the provision of emergency services to gas transporters under Standard Special Condition A41 (Emergency Services to or on Behalf of Another Gas Transporter)), which were referred to in the consent; and to provide the agreed services.

Dated 16 May 2008

A handwritten signature in black ink, appearing to read 'Rachel Fletcher', is written over a light grey rectangular background.

Rachel Fletcher
Director of Distribution

Duly authorised by the Gas and Electricity Markets Authority