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Date: 23 April 2010

Dear Colleague

**Notice under section 23 of the Gas Act 1986 – Special Conditions E2 and E6 of
Scotland Gas Networks’ Gas Transporter Licence in respect of its Gas Distribution
Network**

On 9 June 2009 we published a consultation further to Scotland Gas Networks’ (SGN)
application for additional capital expenditure allowances for reinforcing SGN’s system to
accommodate the change of certain interruptible customers to firm status from October
2011 under Interruption Reform.

On 26 March 2010 we issued Notice¹ of the Authority’s decision² to allow SGN to recover
additional revenue related to the additional system capacity that it makes available to
accommodate interruption reform. The reasons for the Authority’s decision are set out in
full in the decision letter.

The proposed licence changes are set out in Schedules A and B to the section 23 Gas Act
1986 Notice that this letter accompanies.

If you have any comments or questions on this letter, please contact Steve Brown on 020
7901 7292 or steve.brown@ofgem.gov.uk in the first instance.

Yours sincerely

Steve Smith
Senior Partner, Local Grids & RPI-X@20

Signed on behalf of the Authority and authorised for that purpose

¹ http://www.ofgem.gov.uk/Networks/GasDistr/GDPCR7-13/Documents1/SGN_LTS_Authority_Decision_letter.pdf

² Notice of decision on the application of Scotland Gas Networks to re-open the current Gas Distribution price
control to accommodate proposed allowances under the capital expenditure interruption reform re-opener set out
in the 2008-2013 Gas Distribution Price Control Review Final Proposals dated 26 March 2010