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all gas and electricity customers*

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Dear Steve

Date: 28 May 2010

Abernedd power station: Direction to relieve the Licensee from the Enduring Annual NTS Exit (Flat) Capacity obligation for Abernedd for the July 2010 application window

I am writing to you regarding National Grid Gas's (NGG's) request for the Gas and Electricity Markets Authority ("the Authority") to issue a direction excluding Abernedd power station from the July 2010 annual application window for Enduring Annual NTS Exit (Flat) Capacity (the "application window").

Abernedd power station is included in tables 1 and 2 of Annex A of Special Condition C8E of the Gas Transporter Licence in respect of the NTS. These tables set out the baseline capacity available at exit points in both the transitional and enduring exit periods respectively. Abernedd power station is listed in both tables as having a baseline capacity of 0 GWh/day.

The exit points in table 2 are usually included in the application windows for Enduring Annual Exit (Flat) Capacity. NGG intended to set a revenue driver for Abernedd power station so that allowed revenue could increase if bids for capacity were received during the application window. However, as there is a postponement to the delivery of Abernedd power station this revenue driver has not been established. As a result, NGG have requested a direction from the Authority to exclude Abernedd power station from the July 2010 application window. This will prevent NGG having to provide exit capacity at this exit point without the required revenue being agreed.

Paragraph 3 (b) of Special Condition C8E of the gas transporter licence states that the Licensee shall use all reasonable endeavours, unless insofar as directed by the Authority, to offer for sale at any NTS exit point all baseline exit flat capacity and obligated incremental exit flat capacity to Shippers and DN Operators consistent with the charging methodology. In this case, we are content to issue a direction to NGG to exclude the sale of baseline exit flat capacity and obligated incremental exit flat capacity at Abernedd exit point to Shippers and DN Operators in the July 2010 application window.

If you have any comments or questions on the content of this letter, please contact James Thomson on 0141 331 6012 or james.thomson@ofgem.gov.uk in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart Cook', written over a horizontal line.

Stuart Cook

Senior Partner, Transmission & Governance

Signed on behalf of the Authority and authorised for that purpose