

The Company Secretary:

National Grid Gas Plc
1-3 Strand
London
WC2N 5EH

DIRECTION ISSUED PURSUANT TO SPECIAL CONDITION 1C OF THE GAS TRANSPORTER LICENCE FOR NATIONAL GRID GAS PLC (IN RESPECT OF ITS DISTRIBUTION NETWORKS), ALLOWING PASS-THROUGH ITEMS UNDER THE MISCELLANEOUS PASS-THROUGH TERM (MP_t)

Whereas -

1. National Grid Gas plc ("NGG") holds a Gas Transporter licence ("the licence") (in respect of its distribution networks) granted or treated as granted by the Gas and Electricity Markets Authority (the "Authority") under section 7 of the Gas Act 1986 (the "Act").
2. Paragraph 3 of Standard Condition 7 (Provision of Information Relating to Gas Illegally Taken) of the licence provides that NGG should suffer no financial detriment, and acquire no financial benefit, as a result of compliance with paragraph 1 of that condition.
3. There is no specific pass-through term within NGG's licence to pass through the amount recovered (minus the costs) from theft investigations. Special Condition 1C (Distribution Network allowed pass-through items) of the licence contains term (MP_t) which represents miscellaneous pass-through items directed by the Authority.
4. In accordance with Special Condition 1C, the Authority directs NGG to use the miscellaneous pass-through term (MP_t) in respect of the following amounts recovered by NGG in compliance with Standard Condition 7:

London distribution network	£ -7,979.79
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West Midlands distribution network	£ -20,892.85
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North West distribution network	£ -4,152.67
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5. The reasons for this direction are set out in a letter to NGG dated 10 July 2014, attached to this direction.

NOW THEREFORE

The Authority hereby directs the licensee to use the miscellaneous pass-through term (MP_t) contained in Special Condition 1C for the purposes of passing through the amounts set out above.

This direction is effective immediately.



Dora Guzeleva
Head of Networks Policy: Local Grids

For and on behalf of the Authority
10 July 2014