



Scotia Gas Networks  
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Station Approach  
Horley  
Surrey, RH6 9HJ

Kieran Donoghue  
Head of Gas Distribution Regulation

Ofgem  
9 Millbank  
London SW1P 3GE

1 May 2009

Dear Kieran,

**150 days notice of possible price reduction on 1 October 2009**

Further to our telephone conversation yesterday, we are currently forecasting our licensee Southern Gas Networks plc to be over-recovered in 2008/09 and potentially in 2009/10. Although it is not possible at this stage to be precise about the size of any over-recovery, we are considering a price reduction, which could be in the region of 4%, during 2009/10 to mitigate this position.

In accordance with Standard Special Condition 4, para 2(d), of part A of the gas transporter licence, Southern Gas Networks hereby gives notice that it is considering a price reduction on 1 October 2009.

We will keep you informed of our intentions and will ensure shippers are also briefed, in addition to through the normal Mod 186 process.

If you have any questions please call.

Yours sincerely

Paul Hemsley  
Regulation Manager