

20 March 2007

**Annual Monthly System Entry Capacity auction for MSEC –
Cancellation of Auction**

Dear Colleague

We issued a conditional invitation letter on Friday 16th March to allow 28days notice for an AMSEC auction for the capacity period May 2007 to March 2009 (inclusive). As the Authority did not provide the required direction under Section 23 (3) of the Act on Monday 19th March, the condition set out in the invitation letter has not been satisfied.

Reluctantly therefore, we have cancelled the AMSEC Entry Capacity auction as set out in the conditional invitation letter and will issue a revised AMSEC invitation notice if/when direction has been given by the authority.

The capacity period for the revised AMSEC invitation will depend upon when this direction is given and the resulting invitation letter is issued, but can no longer commence from May 2007 and will therefore be from June 2007 at the earliest (assuming the direction allows the sufficient invitation notice period).

To clarify, both the March 2007 and April 2007 RMSEC auctions will make available unsold capacity (based on the existing NTS SO Baseline Entry Capacity) for the months of April 2007 and May 2007 respectively.

We apologise for any inconvenience caused.

If you have any queries regarding the AMSEC auction process please contact either myself on 01926 654 071 or a member of my team, Kay Haycock on 01926 655 342, or Natasha Ranatunga on 01926 654 231.

Yours sincerely,
For and on behalf of
National Grid Gas plc

Chris Gumbley
Commercial Officer
Network Operations