



Dennis Rachwal
Joint Office of Gas Transporters
[by email]

*Promoting choice and
value to customers*

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2nd March 2007

Dear Dennis,

Re: Entry Capacity Baseline Questions Arising from UNC Transmission Workstream discussion 1st February 2007.

Thank-you for providing the list of questions developed by members of the gas transmission workstream following the meeting on 1st February.

Underlying these questions is a concern from the industry that the levels of the baselines have changed. Ofgem observes that, in the context of the price control review and in the context of the changes in the exposure of all aspects of the National Grid Gas ('NGG') business to risk changes in various parts of the regime are inevitable. Ofgem continues to consider that taken together the package of incentives and remuneration (including cost of capital) provided to NGG as part of the TPCR is appropriate.

Please find attached a response to the specific questions raised. Section headings and numbering follow those in the questions put to Ofgem.

I would be grateful if you could arrange to have it brought to the attention of the parties who raised the questions and am content that it be placed on the joint office website if you feel that such is an appropriate way to proceed.

Yours sincerely,

David Howdon
Economic Advisor - Transmission