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* Calls will be recorded and may be monitored

7th July 2005

Mr. Julian Majdanski Joint Office of Gas Transporters Ground Floor Red 51 Homer Road Solihull B91 3QJ.

Dear Julian,

I would be grateful if you would issue the following letter to the industry:

Ref: UNC Modification Proposal 0028 'Third Party Undertakings'

Transco is now withdrawing the above UNC Modification Proposal.

Transporters, in exercising their right on whether to terminate in accordance with UNC Transportation Principal Document Section V4.3. already have discretion to accept a third party undertaking for Transportation charges. Therefore, on balance, formalising the acceptance of 'third party undertakings' is unnecessary.

Yours sincerely

Declan McLaughlin Commercial Manager, Customer Service National Grid Transco