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Contracts & Trading

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Dear Colleague

Rolling Monthly System Entry Capacity Invitation to participate in auction for capacity period September 2006

Pursuant to paragraphs B2.3.1 of the Network Code, National Grid Gas plc invites you to take part in auctions for Rolling Monthly System Entry Capacity (RMSEC) for the capacity period September 2006. The arrangements for the auctions will take account of the implementation of Modification Proposal 0500 "Long Term Capacity Allocation".

The auction window will commence at 08:00 and close at 17:00 on the same day. An RMSEC bid may be withdrawn or amended until, but not after 17:00. Allocations will be published to Users by the close of the next business day. National Grid will conduct the auction on the date below:

Wednesday 30 August 2006

The auction on this date will be held to allocate capacity for the following month:

September 2006

The amount of capacity that shall be offered for each Aggregate System Entry Point (ASEP) will be 100% of the unallocated NTS SO baseline entry capacity. The ASEPs where RMSEC is to be offered, together with the quantity to be made available, are shown in the attached Table 2. The auction will take place in one tranche and the allocation price will be pay as bid. Floor (reserve) prices apply for the RMSEC. These are shown in attached Table 3.

This auction will be conducted via Gemini and any bids for Entry Capacity should be made via the **Deal>Capture>Create Bids** screen. Please be aware that if you wish to check your allocations from the February 2006 MSEC auction prior to bidding in this RMSEC auction you need to look on the **Deal>Bid Capture Reports>Bid Information** screen in Gemini.

Following RMSEC capacity allocation National Grid will publish the following information for each ASEP on National Grid's Information Exchange website:

- Weighted average price of all accepted bids
- Weighted average price of highest 50% of accepted bids
- Total number of shippers who submitted successful capacity bids
- Total amount of revenue derived in respect of allocated SO baseline entry capacity (and incremental System Entry Capacity if any)
- Highest and lowest bids accepted
- Volume allocated at highest and lowest prices
- The amount of Baseline Entry Capacity remaining unsold (if any) following the allocation
- Aggregate volume of allocated SO baseline entry capacity (and Incremental System Entry Capacity if any)

Please note that this message is being sent by e-mail and fax (business hours operational list). The delivery notification audit report will be considered as evidence of receipt.

If you have any queries about the auction process then please contact me on 01926 65 3448.

If you have any problems pertaining to the Daily Auctions, please contact National Grid GNCC on 01926 65 3206.

Yours sincerely

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TABLES

**Table 1 - Aggregate Rolling Monthly System Entry Capacity (kWh/d)
(Unallocated NTS SO baseline entry capacity)**

	Aggregate Quantity
September 2006	5,722,591,355

**Table 2 - Rolling Monthly System Entry Capacity (kWh/d)
(Unallocated NTS SO baseline entry capacity)**

ASEP	Short Code	September 2006
Avonmouth LNG	AV	149,000,000
Bacton	BA	1,374,552,724
Burton Point	BP	0
Barrow	BR	596,500,000
Cheshire	CH	214,000,000
Dynevor Arms LNG	DA	50,000,000
Easington	EA	1,005,425,941
Glenmavis LNG	GM	99,000,000
Hole House Farm	HH	5,221,264
Hatfield Moor Onshore	HM	1,000,000
Hornsea	HS	174,900,000
Hatfield Moor Storage	HT	54,000,000
Isle of Grain	IG	218,000,000
Partington LNG	PR	215,000,000
St. Fergus	SF	207,017,825
Teesside	TE	635,242,198
Theddlethorpe	TH	723,031,403
Wytech Farm	WF	700,000

**Table 3 - Floor Prices for Rolling Monthly System Entry Capacity
(p/kWh/d)**

ASEP	Short Code	p/kWh
Avonmouth LNG	AV	0.0021
Bacton	BA	0.0061
Burton Point	BP	0.0001
Barrow	BR	0.0005
Cheshire	CH	0.0001
Dynevor Arms LNG	DA	0.0000
Easington	EA	0.0011
Glenmavis LNG	GM	0.0179
Hole House Farm	HH	0.0001
Hatfield Moor Onshore	HM	0.0014
Hornsea	HS	0.0051
Hatfield Moor Storage	HT	0.0014
Isle of Grain LNG	IG	0.0062
Partington LNG	PR	0.0003
St. Fergus	SF	0.0215
Teesside	TE	0.0020
Theddlethorpe	TH	0.0010
Wytech Farm	WF	0.0000