

Dave Wagstaff
Capacity Auctions
Network Operations

capacityauctions@uk.ngrid.com

Direct tel +44 (0)1926 654057

Direct fax +44 (0)1926 654059

www.nationalgrid.com

16th January 2012

Dear Colleague

Annual Monthly System Entry Capacity (AMSEC) Auction

**Invitation to Participate in an Auction
for the Capacity Period April 2012 to September 2013**

Pursuant to Section B2.2.1(b) of the Transportation Principal Document (TPD) of the Uniform Network Code (UNC), National Grid Gas plc ("National Grid") in its role as holder of the Gas Transporter Licence in respect of the NTS (the "Licence") invites you to take part in the 2012 AMSEC auction for Monthly System Entry Capacity (MSEC).

The provisions of the UNC (including in particular, but not limited to, TPD Section B and any relevant provisions of the Transition Document) apply to this invitation letter, the 2012 Annual Monthly System Entry Capacity (AMSEC) auction for MSEC, any bids made and then rejected or accepted pursuant to such auction, and any subsequent allocation of MSEC. Words and expressions which are capitalised but not defined in this invitation letter but which are defined in the UNC shall have the meanings given to them in the UNC.

Users may make applications for MSEC for each calendar month for the capacity period 1st April 2012 to 30th September 2013 (inclusive) (the Capacity Period).

National Grid will conduct the AMSEC auction on the invitation dates listed below:

- | | | |
|-------------------|--------------------------------------|--------------------|
| ➤ Monday | 13th February 2012 | (Tranche 1) |
| ➤ Thursday | 16th February 2012 | (Tranche 2) |
| ➤ Tuesday | 21st February 2012 | (Tranche 3) |
| ➤ Friday | 24th February 2012 | (Tranche 4) |

On each date detailed above, the **auction window will commence at 08:00 and close at 17:00**. An MSEC bid may be withdrawn or amended until, but not after, 17:00. Allocations will be published to Users by 09:00 hours on the first Business Day following each invitation date.

The quantity of MSEC being offered for each month in the Capacity Period in respect of each Aggregate System Entry Point (ASEP) is shown in **Table One** attached to this invitation letter.

In each of the first three tranches of the AMSEC auction the amount of capacity offered will be 25% of the total MSEC being offered. In the fourth tranche the remaining 25% of total MSEC being offered will be offered for sale, together with any unsold from the previous three tranches.

Reserve prices apply for the AMSEC auction. The reserve prices are published in Table 2 of The Statement of Gas Transmission Transportation Charges, effective from 1 October 2011

and can be viewed via

www.nationalgrid.com/uk/Gas/Charges/statements/transportation/CurrentNTS/

Please note: There are different reserve prices for two separate delivery periods (01 Apr 2012 to 30 Sep 2012 and 01 Oct 2012 to 30 Sep 2013) within this AMSEC transaction period.

Following the close of each tranche, National Grid will publish the following information for each ASEP, for each month, on the National Grid website via

<http://marketinformation.natgrid.co.uk/Gas/CapacityReports.aspx> (select the following criteria: Auction Type: Annual Monthly System Entry Capacity, Report Type: Results (by Tranche), from: April 2012, to: September 2013):

- Weighted average price of all accepted bids
- Weighted average price of highest 50% of accepted bids
- Aggregate volume of allocated MSEC
- Total amount of revenue derived in respect of allocated MSEC
- Highest and lowest bids accepted
- Volume allocated at highest and lowest prices
- Total number of shippers who submitted successful capacity bids
- Total number of shippers who submitted unsuccessful capacity bids
- The amount of MSEC which remains unsold (if any) following the allocation.

Points of Note for this Auction:

1. National Grid issued a notice on 9th November 2007 (subsequently updated to Tirley) pursuant to General Terms Section B3 of the UNC in relation to the Corse pressure reduction installation, which impacts on the level of gas flow that National Grid can accommodate at the Milford Haven ASEP. While National Grid is making capacity available at the Milford Haven ASEP in this AMSEC auction, Users should be aware that (due to the existence of the force majeure occurrence) National Grid may not be able to accommodate gas flows against all entry capacity booked in relation to the Milford Haven ASEP.

UNC and Licence changes may occur at any time, which may increase or decrease capacity rights, or availability. Users are advised to keep themselves up to date with any regime changes.

Please note that this invitation is being sent by e-mail via the Joint Office and by webfax (business hours operational list) and will be posted on the National Grid website (<http://marketinformation.natgrid.co.uk/Gas/CapacityReports.aspx>). The fax delivery notification audit report will be considered as evidence of receipt. An ANS message will also be issued informing users that the invitation has been issued.

National Grid has put this document together with due care and attention. In the unlikely event of an error, National Grid reserves its right to correct the error and amend relevant elements of the auction as required.

If you have any queries with regards to entry capacity, the auction mechanism, Gemini or information provision then please do not hesitate to contact Stephen Carey or myself on +44 (0)1926 65 4057. Alternatively you can e-mail the capacity team regarding any capacity issues at capacityauctions@uk.ngrid.com.

Yours sincerely,

Dave Wagstaff
Network Operations
National Grid

Table One – Available Monthly System Entry Capacity (kWh/d)

Month	Avonmouth (AV)	Bacton (BA)	Burton Point (BP)	Barrow (BR)	Barton Stacey (BS)	Cheshire (CH)
Apr-12	177,800,000	1,617,870,122	37,349,060	202,165,525	82,600,000	297,243,200
May-12	177,800,000	1,617,870,122	37,349,060	206,165,525	82,600,000	297,243,200
Jun-12	177,800,000	1,617,870,122	37,349,060	206,165,525	82,600,000	297,243,200
Jul-12	177,800,000	1,630,431,615	37,349,060	215,933,413	82,600,000	224,243,200
Aug-12	177,800,000	1,630,431,615	37,349,060	215,933,413	82,600,000	224,243,200
Sep-12	177,800,000	1,630,431,615	37,349,060	183,933,413	82,600,000	224,243,200
Oct-12	157,319,675	970,790,672	46,928,633	153,579,692	82,600,000	224,243,200
Nov-12	157,319,675	970,790,672	46,928,633	153,579,692	82,600,000	224,243,200
Dec-12	157,319,675	970,790,672	46,928,633	153,579,692	82,600,000	224,243,200
Jan-13	157,319,675	668,244,750	46,928,633	93,940,747	82,600,000	224,243,200
Feb-13	157,319,675	668,244,750	46,928,633	93,940,747	82,600,000	224,243,200
Mar-13	157,319,675	668,244,750	46,928,633	93,940,747	82,600,000	224,243,200
Apr-13	179,300,000	1,668,410,199	50,394,464	219,103,277	82,600,000	224,243,200
May-13	179,300,000	1,668,410,199	50,394,464	219,103,277	82,600,000	224,243,200
Jun-13	179,300,000	1,668,410,199	50,394,464	219,103,277	82,600,000	224,243,200
Jul-13	179,300,000	1,678,537,086	50,394,464	220,604,353	82,600,000	224,243,200
Aug-13	179,300,000	1,678,537,086	50,394,464	220,604,353	82,600,000	224,243,200
Sep-13	161,370,000	1,500,197,086	43,044,464	189,694,353	74,340,000	195,653,200

Month	Caythorpe (CT)	Dynevor Arms (DA)	Easington (EA)	Fleetwood (FL)	Glenmavis (GM)	Garton (GR)
Apr-12	0	49,000,000	1,038,209,645	650,000,000	99,000,000	0
May-12	0	49,000,000	1,038,209,645	650,000,000	99,000,000	0
Jun-12	0	49,000,000	1,047,009,645	650,000,000	99,000,000	0
Jul-12	0	49,000,000	1,039,359,645	0	99,000,000	0
Aug-12	0	49,000,000	1,040,259,645	0	99,000,000	0
Sep-12	0	49,000,000	1,045,759,645	0	99,000,000	0
Oct-12	0	27,019,675	242,378,498	0	99,000,000	0
Nov-12	0	27,019,675	242,378,498	0	99,000,000	0
Dec-12	0	27,019,675	242,378,498	0	99,000,000	0
Jan-13	0	27,019,675	106,200,000	0	99,000,000	0
Feb-13	0	27,019,675	106,200,000	0	99,000,000	0
Mar-13	0	27,019,675	106,200,000	0	99,000,000	0
Apr-13	0	49,000,000	1,061,805,117	0	99,000,000	0
May-13	0	49,000,000	1,061,805,117	0	99,000,000	0
Jun-13	0	49,000,000	1,061,805,117	0	99,000,000	0
Jul-13	0	49,000,000	1,065,405,117	0	99,000,000	0
Aug-13	0	49,000,000	1,065,405,117	0	99,000,000	0
Sep-13	0	44,100,000	959,205,117	0	89,100,000	0

Table One – Available Monthly System Entry Capacity (kWh/d)

Month	Hole House Farm (HH)	Hatfield Moor Onshore (HM)	Hornsea (HS)	Hatfield Moor Storage (HT)	Isle of Grain LNG (IG)	Milford Haven ¹ (MH)
Apr-12	0	300,000	35,000,000	25,000,000	289,680,000	299,000,000
May-12	0	300,000	35,000,000	25,000,000	289,680,000	299,000,000
Jun-12	0	300,000	35,000,000	25,000,000	289,680,000	299,000,000
Jul-12	0	300,000	233,100,000	25,000,000	289,680,000	299,000,000
Aug-12	0	300,000	233,100,000	25,000,000	289,680,000	299,000,000
Sep-12	13,160,000	300,000	233,100,000	25,000,000	289,680,000	299,000,000
Oct-12	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Nov-12	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Dec-12	13,160,000	300,000	35,000,000	25,000,000	43,600,000	0
Jan-13	13,160,000	30,000	27,310,000	3,000,000	43,600,000	0
Feb-13	13,160,000	30,000	27,310,000	3,000,000	43,600,000	0
Mar-13	13,160,000	30,000	27,310,000	3,000,000	43,600,000	0
Apr-13	13,160,000	300,000	35,000,000	25,000,000	289,680,000	0
May-13	13,160,000	300,000	35,000,000	25,000,000	289,680,000	0
Jun-13	13,160,000	300,000	35,000,000	25,000,000	289,680,000	0
Jul-13	13,160,000	300,000	233,100,000	25,000,000	289,680,000	99,000,000
Aug-13	13,160,000	300,000	233,100,000	25,000,000	289,680,000	99,000,000
Sep-13	0	270,000	215,600,000	22,500,000	267,880,000	99,000,000

Month	Partington (PR)	St. Fergus (SF)	Teesside (TE)	Theddlethorpe (TH)	Wytch Farm (WF)
Apr-12	215,000,000	1,149,971,628	268,391,877	545,620,369	2,800,000
May-12	215,000,000	1,149,971,628	268,391,877	546,020,369	2,800,000
Jun-12	215,000,000	1,149,971,628	268,391,877	546,420,369	2,800,000
Jul-12	215,000,000	1,165,721,141	265,906,291	548,520,369	2,800,000
Aug-12	215,000,000	1,165,721,141	265,906,291	549,020,369	2,800,000
Sep-12	215,000,000	1,165,721,141	265,906,291	549,520,369	2,800,000
Oct-12	193,019,675	969,295,794	207,124,581	554,892,881	3,300,000
Nov-12	193,019,675	969,295,794	207,124,581	554,892,881	3,300,000
Dec-12	193,019,675	969,295,794	207,124,581	554,892,881	3,300,000
Jan-13	193,019,675	1,058,327,482	170,033,543	560,194,690	3,300,000
Feb-13	193,019,675	1,058,327,482	170,033,543	560,194,690	3,300,000
Mar-13	193,019,675	1,058,327,482	170,033,543	560,194,690	3,300,000
Apr-13	215,000,000	1,380,757,702	212,288,457	572,154,450	3,300,000
May-13	215,000,000	1,380,757,702	212,288,457	572,154,450	3,300,000
Jun-13	215,000,000	1,380,757,702	212,288,457	572,154,450	3,300,000
Jul-13	215,000,000	1,393,372,981	218,867,950	573,154,450	3,300,000
Aug-13	215,000,000	1,393,372,981	218,867,950	573,154,450	3,300,000
Sep-13	193,500,000	1,226,302,981	171,267,950	512,084,450	2,970,000

¹ See point 1 of “Points of Note for this Auction” on the second page of the letter to which this table is attached.