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Friday 17th December 2010

www.nationalgrid.com

Dear Colleague

Invitation Notice to Participate in the January 2011 Entry Capacity Retainer Window

In accordance with the National Transmission System (NTS) Entry Capacity Substitution Methodology Statement^A (ECS) and pursuant to Transportation Principal Document (TPD) Section B2.15 of the Uniform Network Code (UNC), National Grid NTS invites Users to participate in the January 2011 Retainer Window. Users will be able to exclude NTS Entry Capacity at potential donor Aggregate System Entry Points (ASEPs) from being treated as Substitutable Capacity^B without having to buy and be allocated the capacity by obtaining a "Retainer".

Users may make applications for a Retainer in respect of any Gas Year(s) in the period **1st October 2014 to 30th September 2017** inclusive (the Capacity Period) in accordance with the provisions of this Invitation Notice. Where no Retainer Request is specified by a User in its applications, a Retainer will be applied to the year Oct 2014 to Sept 2015.

Capacity Retainer Windows

The "Retainer Windows" means the dates when Users will be able to request Retainers in accordance with this Invitation Notice. These dates are:

- **Monday 24th January 2011**
- **Wednesday 26th January 2011**

Each Retainer Window will commence at 08:00 and close at 17:00. **Retainer requests must be made by facsimile using the pro-forma in Appendix 2** of this Invitation Notice. Retainer requests may only be removed or amended where National Grid NTS identifies a blatant error and agrees such removal or amendment with the User before 17:00 on the day of the Retainer Window on which the Retainer request is submitted. National Grid NTS will endeavour to provide confirmation of receipt of a Retainer request where practicable by 16:00 and by no later than 18:00 hours on the day of the Retainer Window on which the Retainer request is submitted. .

^A This document is one of a suite of documents that describe the release of incremental capacity by National Grid NTS and the methodologies behind them and can be found on our website at:

<http://www.nationalgrid.com/uk/Gas/Charges/statements/transportation/ecms/>

^B As defined in the ECS.

National Grid is a trading name for:
National Grid Gas plc
Registered Office: 1-3 Strand, London WC2N 5EH
Registered in England and Wales, No 2006000

A copy of the **Terms and Conditions relating to NTS Entry Capacity Retention (the “Terms”)** for the January 2011 Retainer Windows are attached as **Appendix 3** of this Invitation Notice. A User may only participate in the Retainer Window following its **acceptance of the Terms by no later than 16:00 on Friday 21st January 2011** and such acceptance must be communicated to National Grid NTS by **fax to the Capacity Auctions Team at +44 (0)1926 65 4059**, using the **pro-forma** contained in **Appendix 1** of this invitation notice.

Provision of Retained Capacity Information

As specified in the ECS, in respect of each potential donor ASEP where one or more Retainer requests have been granted, National Grid NTS shall publish the aggregate quantity covered by those Retainers and the adjusted maximum retainer quantity.

Such publication shall be made on the National Grid website via <http://marketinformation.natgrid.co.uk/Gas/CapacityReports.aspx> by no later than 20:00 hours on the day of each Retainer Window.

In respect of each potential donor ASEP where one or more Retainer requests have been granted to a Shipper User, National Grid NTS will also notify such Shipper User of the Retainer granted to it and the relevant ASEPs and quantities.

Such notification shall be made by 20:00 hours on the day of the Retainer Window on which the Retainer request(s) was submitted.

Substitutable Capacity

The maximum Substitutable Capacity quantities in respect of which Retainers may be requested for each Gas Year in the Capacity Period in respect of each ASEP is shown in **Table 1** attached to this Invitation Notice.

NTS Entry Capacity Retention Charges

Pursuant to UNC Section B2.15 a NTS Entry Capacity Retention Charge (“Charge”) shall apply to any Retainer agreement. In accordance with the Gas Transmission Transportation Charging Statement a charge rate of 0.2922p/kWh^C shall apply to all granted Retainers at all ASEPs. The Retainer will be subject to a one-off Charge and will be payable via an ad-hoc invoice raised within two months of the Quarterly System Entry Capacity (QSEC) auction allocations being confirmed; i.e. in July for a March auction.

The Retainer is intended to retain capacity at an ASEP for Users to obtain at a later date. If retained capacity is subsequently booked at the ASEP where the Retainer was taken out, the Charge may be refunded. Conversely, in the event that the retained capacity is not obtained later the Charge would not be refunded. Please see the ECS for further information.

Useful Information Sources

- National Grid website for QSEC presentation material
www.nationalgrid.com/uk/gas/data/CA
- National Grid website for Entry Capacity Substitution Methodology
<http://www.nationalgrid.com/uk/Gas/Charges/statements/transportation/ecms/>

^C The Retention charge rate is published in The Gas Transmission Transportation Charging Statement, and can be viewed via www.nationalgrid.com/uk/Gas/Charges/statements/transportation/CurrentNTS/

- Joint Office website for UNC documentation and for Transmission Workstream meeting minutes www.gasgovernance.co.uk
- Ofgem website for NTS Licence and NTS Licence amendments www.ofgem.gov.uk
- Incremental Entry Capacity Release (IECR) Statement www.nationalgrid.com/uk/Gas/Charges/statements/transportation/iecr/
- Incremental Entry Capacity Release (IECR) Charging Model www.nationalgrid.com/uk/Gas/Charges/statements/transportation/iecr/
- Ten Year Statement www.nationalgrid.com/uk/Gas/TYS/

Words and expressions which are capitalised but not defined in this invitation notice but which are defined in the Uniform Network Code shall have the meanings given to them in the Uniform Network Code.

Please note that this message is being sent by e-mail via the Joint Office of Gas Transporters and web-fax (business hours operational list). An Automated Notification Service (ANS) message will also be issued informing users that the invitation has been published.

If you have any queries regarding this Retainer Window process or the Entry Capacity Auctions please contact Steve Carey or myself on +44 (0)1926 65 4057. Alternatively you can e-mail the Capacity Team at capacityauctions@uk.ngrid.com.

Yours sincerely

Dave Wagstaff
Network Operations
National Grid

TABLE 1

Substitutable Capacity (kWh/day)

ASEP	ASEP Code	Y4 Oct 2014 to Sept 2015	Y5 Oct 2015 to Sept 2016	Y6 Oct 2016 to Sept 2017
Avonmouth	AV	139,389,675	161,370,000	161,370,000
Bacton	BA	466,607,172	466,607,172	744,301,557
Burton Point	BP	57,293,286	66,150,000	66,150,000
Barrow	BR	0	0	0
Barton Stacey	BS	74,340,000	74,340,000	74,340,000
Cheshire	CH	0	0	0
Caythorpe	CT	0	0	0
Dynevor Arms	DA	22,119,675	44,100,000	44,100,000
Easington	EA	0	0	0
Fleetwood	FL	0	0	0
Glenmavis	GM	89,100,000	89,100,000	89,100,000
Garton	GR	0	0	0
Hole House Farm	HH	0	0	0
Hatfield Moor (Onshore)	HM	270,000	270,000	270,000
Hornsea	HS	9,810,000	9,810,000	9,810,000
Hatfield Moor (Storage)	HT	500,000	500,000	500,000
Isle of Grain	IG	0	0	67,816,000
Milford Haven	MH	0	0	0
Partington	PR	171,519,675	193,500,000	193,500,000
St Fergus	SF	1,057,897,200	1,212,334,517	1,243,535,574
Teesside	TE	118,236,114	202,596,574	220,203,382
Theddlethorpe	TH	526,417,356	531,335,950	536,366,213
Wytch Farm	WF	2,970,000	2,970,000	2,970,000

Appendix 1 – Retainer Window Terms & Conditions Acceptance Fax Proforma

Please note that this proforma is to be completed by any User wishing to participate in the January 2011 Retainer Window in respect of protecting certain amounts of unsold non-incremental obligated NTS Entry Capacity from being substituted from an ASEP for the Capacity Period.

A User may only participate in the Retainer Window following its acceptance of the Terms by no later than **16:00 on Friday 21st January 2011** and such acceptance must be communicated to National Grid NTS by completing this proforma and notifying **the Capacity Auctions Team** by facsimile at +44 (0)1926 65 4059.

Capacity Team, Warwick	TEL: +44 (0) 1926 65 4057	FAX: +44 (0) 1926 65 4059
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BA Code i.e. Gemini 3-Letter Code		Capacity Period	01-Oct-14 to 30-Sep-17
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Gemini Shipper Name:	
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<p>Shipper Name: “ _____ ”</p> <p>I confirm that I am hereby providing fax details which confirm my acceptance of the Terms and Conditions relating to NTS Entry Capacity Retention for the January 2011 Retainer Window in respect of protecting certain amounts of unsold non-incremental obligated NTS Entry Capacity from being substituted from an ASEP for the Capacity Period.</p>

Contact Name:	
Fax Number:	
Tel Number:	

Fax Originated By		Fax Received By	
Company		On Behalf Of	National Grid NTS
Signature		Signature	
Position		Position	
Date		Date	
Tel Number		Tel Number	+44 (0) 19 26 65 4057
Fax Number		Fax Number	+44 (0) 19 26 65 4059

Appendix 2

Retainer Application Form

Tel: 01926 654057
Fax: 01926 654059

To: Capacity Team
National Grid
Warwick
Email: capacityauctions@uk.ngrid.com

Shipper Short (BA) code: Agent:

Shipper/Agent Tel:

SUBMIT*/ AMEND^{1*}/ WITHDRAW^{1*} REQUEST

*Please delete those not applicable

Capacity Period: Retainer Window Date:

ASEP ID	GAS YEAR	CAPACITY REQUESTED (kWh/day)	RETENTION CHARGE (0.2922p/kWh)
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922
			0.2922

¹ If amending or withdrawing a Retainer request (with the advance agreement of National Grid NTS) please insert the unique reference number here:

Fax Originated By		Fax Received By	
Company		On Behalf Of	National Grid NTS
Signature		Signature	
Position		Position	
Date		Date	
Tel No		Tel No	+44 (0) 19 26 65 4057
Fax No		Fax No	+44 (0) 19 26 65 4059

REFERENCE NUMBER: R01

**NATIONAL TRANSMISSION SYSTEM ENTRY CAPACITY RETENTION
APPENDIX 3**

TERMS AND CONDITIONS

relating to

NTS ENTRY CAPACITY RETENTION

TERMS AND CONDITIONS

1. DEFINITIONS

In these terms and conditions (these “**Terms**”) the following words have the meanings set out below:-

“**Auction Date**” means the date specified in the Auction Invitation on which the NTS Entry Capacity Retention window will be conducted;

“**Auction Invitation Notice**” means the notice (bearing the same Reference Number as these Terms) which is issued by National Grid NTS inviting Users to participate in the Entry Capacity Retention window;

“**Business Day**” means a Day beginning on a day other than a Saturday, a Sunday or a bank holiday in England and Wales;

“**Day**” means the period from 06:00 hours on one day until 06:00 hours on the following day;

“**Gemini**” means that part of the information exchange system identified as such and forming part of UK Link;

“**Month**” means a calendar month specified in the Auction Invitation Notice in respect of which NTS Entry Capacity will be allocated;

“**Quarter**” means a Capacity quarter specified in the Auction Invitation Notice in respect of which NTS Entry Capacity can be retained;

“**Request**” shall have the meaning given in Clause 3.2;

“**Retention**” means the retaining of a certain quantity of NTS Entry Capacity at the relevant ASEP such that the retained quantity of NTS Entry Capacity is

not considered for substitution to another ASEP in the next occurring QSEC auction;

“**Terms**” means these Terms and Conditions with the above Reference Number;

“**TPD**” means the Transportation Principal Document forming part of the Uniform Network Code; and

“**Uniform Network Code**” means the uniform network code as defined in Standard Special Condition A11(6) of National Grid NTS’s transporters licence, as such code may be amended from time to time in accordance with the terms thereof.

2. INTERPRETATION

2.1 In the Terms:

(a) references to Clauses are references to the clauses of these Terms unless otherwise stated; and

(b) the singular shall include the plural and vice versa.

2.2 The headings in these Terms have been inserted for convenience only and shall not affect their construction or interpretation.

2.3 Words and expressions which are capitalised but not defined in these Terms but which are defined in the Auction Invitation Notice or the Uniform Network Code shall have the meanings given to them in the Auction Invitation Notice or the Uniform Network Code.

3. REQUEST SUBMISSIONS

3.1 These Terms and the Auction Invitation Notice detail and govern the process

by which National Grid NTS may permit Users to apply for NTS Entry Capacity Retention.

- 3.2 An application for NTS Entry Capacity Retention (“**Request**”) must be submitted by a User via facsimile using the pro-forma provided by National Grid NTS to Users for this purpose, strictly in accordance with these Terms and the Auction Invitation Notice.
- 3.3 The User must accept these Terms in accordance with the Auction Invitation Notice before it may participate in the NTS Entry Capacity Retention window.
- 3.4 Every Request made by a User shall be given a unique identifying reference number by the User (in the sense that no other Request made by the User shall bear the same reference number) and each such reference number shall be preceded by the User’s Gemini “short code”. Such unique reference number shall be used to identify the relevant acceptance in any acceptance notification.
- 3.5 The User may submit a Request at any Aggregate System Entry Point specified in the Auction Invitation Notice for the Quarters specified in that Auction Invitation Notice.
- 3.6 The User may have, at any one time up to but not more than one Request in respect of each Aggregate System Entry Point for the Quarters specified in that Auction Invitation Notice.
- 3.7 Each Request shall specify:
 - a) The identity of the User;
 - b) The Aggregate System Entry Point;
 - c) The Quarters for which NTS Entry Capacity Retention is applied for;
 - d) The amount of the NTS Entry Capacity Retention applied for, in kWh/Day;
 - e) The Retention Charge which the User is willing to pay by way of NTS Entry Capacity Retention Charges, which shall be as specified in The Gas Transmission Transportation Charging Statement.

3.8 A Request:

- a) may not be submitted before 08:00 hours or after 17:00 hours on the Auction Date; and
- b) may be withdrawn or amended with the advance agreement of National Grid NTS.

3.9 National Grid NTS shall reject a Request where:

- (a) the Retention Charge is different to that specified in The Gas Transmission Transportation Charging Statement;
 - (b) any requirements in Clause 3.7 and Clause 3.8 above are not complied with;
- and National Grid NTS may reject a Request in accordance with TPD Section S 2 and 3.

4. REQUEST ACCEPTANCE

4.1 Where National Grid NTS accepts a Request, the amount of NTS Entry Capacity specified in the Request shall be retained at the relevant ASEP for the Quarters specified in the Request, such that the retained quantity of NTS Entry Capacity is not considered for substitution to another ASEP in the next occurring QSEC auction in relation to those Quarters.

4.2 For the avoidance of doubt, where National Grid NTS accepts a Request, the User that submitted that Request shall not be registered as holding the NTS System Entry Capacity specified in the Request and the acceptance of the Request shall give the relevant User no other rights in relation to the NTS Entry Capacity specified in the Request (other than the right to have that NTS Capacity retained at the relevant ASEP for the relevant Quarters).

5. PROVISION OF INFORMATION

5.1 National Grid NTS will inform each User that has submitted a Request as to whether or not that Request that has been accepted and will provide

information to all Users in relation to Retention of NTS Entry Capacity at each ASEP.

6. PAYMENT

In accordance with TPD Section B2 and TPD Section S, each User will pay Retention Charges for any NTS Entry Capacity retained to it following an acceptance of a Request by National Grid NTS. Such payment will be made by way of an Invoice Document issued within two calendar months immediately following the Month in which the next Quarterly System Entry Capacity (QSEC) auction allocations have been confirmed.

7. WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS

- 7.1 Each User represents, warrants and undertakes to National Grid NTS that:
- (a) it is a User for the purposes of the Uniform Network Code;
 - (b) it has and will have full power and authority to execute, deliver; and perform all obligations under these Terms; and
 - (c) no limitation on its powers will be exceeded as a result of it entering into these Terms.

8. LIABILITY

- 8.1 National Grid NTS and the User agree and acknowledge that the provisions of the Uniform Network Code shall apply in respect of any liability arising out of or in connection with the Retention of NTS Entry Capacity and NTS Entry Capacity Retention Charges.

9. NOTICES

- 9.1 A facsimile sent pursuant to the Auction Invitation Notice shall be deemed to have been received on completion of despatch by National Grid NTS provided that it receives a transmission report showing transmission in full without any

error message.

10. ENTIRE AGREEMENT

10.1 The Terms and the Auction Invitation Notice shall be read as one and in conjunction with the Uniform Network Code constitute the entire agreement between National Grid NTS and the User thereunder with respect to the matters referred to herein and therein and shall prevail and supersede all prior agreements, understandings, statements, representations, commitments, warranties, and communications between National Grid NTS and the User with respect to such matters and neither National Grid NTS nor the User shall rely on or be bound by any of the foregoing not appearing in or incorporated by specific reference into these. Nothing in the Terms or the Auction Invitation Notice shall operate to exclude either National Grid NTS's or the User's liability to the other for fraudulent misrepresentation.

10.2 Where any provisions of these Terms conflict with the Uniform Network Code, these Terms shall apply.

11. VARIATION AND WAIVER

11.1 No variation of the Terms shall be effective unless made in writing and signed by or on behalf of both National Grid NTS and the User.

11.2 None of the provisions of these Terms shall be considered waived by National Grid NTS or the User unless such waiver is given in writing and signed by a duly authorised representative of the party making the waiver. No such waiver shall be a waiver of any past or future default or breach or modification of any term, provision, condition or covenant of these Terms unless and to the extent expressly set forth in such waiver.

12. ASSIGNMENT

12.1 Neither National Grid NTS nor the User may assign, trade or transfer any of its rights or obligations under these Terms without the prior written consent of the other party provided that National Grid NTS may novate or assign any of its rights or obligations to any company succeeding it with respect to its rights and obligations under the Uniform Network Code (or any successor document) without the consent of the User.

13. CONFIDENTIALITY

13.1 Each of National Grid NTS and the User shall keep confidential and shall not disclose to any third party any information provided by the other party in connection with these Terms. Provided that:

- (a) this restriction shall not apply to any information which at the time of disclosure is in the public domain or thereafter comes into the public domain otherwise than as a consequence of a breach by National Grid NTS or the User of its obligations under this Clause 13;
- (b) nothing in these Terms shall prevent the disclosure of information to any government department or any governmental or regulatory agency having jurisdiction over either National Grid NTS or the User (including but not limited to the Gas and Electricity Markets Authority), or as required by law or any lawful subpoena or recognised stock exchange or other process in connection with any judicial arbitration or administrative proceeding, or where reasonably necessary to effect the purpose of these Terms;
- (c) nothing in these Terms shall prevent the disclosure by National Grid NTS to third parties of the relevant prices and quantities in relation to the Retention window(s) but only to the extent that

such information is disclosed in aggregate with other Users' prices and quantities or in accordance with the Uniform Network Code; and

- (d) in the event disclosure to any third party is necessary in order to give effect to the purposes of these Terms or permissible under this Clause 13, the disclosing party shall use all reasonable endeavours to ensure that such third party shall respect the confidentiality of such information and be bound by the terms of this Clause 13 as if a party thereto.

14 THIRD PARTY RIGHTS

- 14.1 Subject to any rights which may accrue to any successor or permitted assign of National Grid NTS or the User, no provision of these Terms shall, or may, be construed as creating any rights enforceable by a third party and all third party rights as may be implied by law are hereby excluded to the fullest extent permitted by law from these Terms.

15. SEVERABILITY

- 15.1 If any of these Terms or the Auction Invitation Notice shall be held to be illegal or unenforceable in whole or in part, under any enactment or rule of law, such provision or part shall to that extent be deemed not to form part of these Terms or the Auction Invitation Notice but the validity and enforceability of the remainder of the Terms and the Auction Invitation Notice shall not be affected.

16. GOVERNING LAW AND JURISDICTION

- 16.1 The Terms and the Auction Invitation Notice shall be governed by and construed in accordance with English law, and National Grid NTS and

the User hereby submit to the exclusive jurisdiction of the courts of England and Wales.

17. GEMINI

17.1 National Grid NTS does not guarantee the availability of any part of Gemini (including without limitation screens or pages of and links thereto) and, accordingly, in the event of non-availability or any other communication failure National Grid NTS's sole responsibility shall be to put in place as soon as reasonably practicable such contingency arrangements as it shall in its sole discretion deem appropriate.

15.2 Without prejudice to the provisions of Clause 8, the User agrees and acknowledges that National Grid NTS shall not be liable for any loss (direct or indirect) arising from the non-availability of Gemini or any part thereof or otherwise arising from the User's use of Gemini (including but not limited to inability to access or use Gemini or any communication failure or breach of security or confidentiality) whether such loss arises in contract, tort (including negligence) or breach of statutory duty or howsoever arising.