

Addressee

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Account Manager

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www.nationalgrid.com

January 2008

Dear Service Provider

OPERATING MARGINS – TENDER ROUND

INVITATION TO TENDER

Please be advised that the Invitation to Tender for National Grid Gas' Operating Margin Requirement Tender Round is now available on National Grid's website.

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/GasOperatingMargins/>

Tenders are invited for service provision for one year within the period: 06:00 hours 01st May 2008 to 05:59 hours 01st May 2009.

The Invitation To Tender (ITT) documents that have been published today are as follows:

1. Operating Margins Tender Sheets
2. Explanation and Tender Guidance Document
3. Operating Margins Gas Storage Agreement

The key dates for this Tender Round are as follows:

- Market Day 17:00 hours on Monday 04th February 2008
- Tender Opening Tuesday 05th February 2008
- Tenderers notified of results Wednesday 27th February 2008
- Service commencement 06:00 hours on 01st May 2008

Market Day is the latest that tenders can be accepted by National Grid Gas - all tenders must be received by post (or be delivered by hand) no later than 17:00 hours on Monday 04th February 2008 to the address below. Envelopes should be clearly marked "**OM – TR**".

Sam Wither
Network Operations
National Grid Gas plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Should tenderers wish to deliver their tender by hand, then this intention must be notified to National Grid Gas in advance (see above for my contact details).

Potential providers of an Operating Margins Service

Section 3 of the Explanation and Tender Guidance Document provides more detail of the mandatory requirements a potential provider must meet. Potential providers of a service include:

- Storage facility operators
- Primary capacity holders at a storage facility
- Importation facility operators
- Primary capacity holders at an importation facility

Preferred Operating Margins Gas Storage Agreement

The preferred Operating Margins Gas Storage Agreement may be signed and enclosed with a tender by any party wishing to submit a tender.

Any interested parties that want to tender for the Operating Margins Service and find that the preferred Operating Margins Gas Storage Agreement is unsuitable then please submit proposed amendments or alternative terms for consideration as part of this tender. All amendment proposals or alternative terms must be agreed prior to 26th February 2008. Please contact me to discuss alternative proposals.

For further information and a more detailed explanation of the tender process please, refer to the OM Explanation and Tender Guidance Document within the ITT documentation.

Alternatively please contact either myself or Juliana Urdal (Juliana.Urdal@uk.ngrid.com or 01926 656195) should you have any queries.

Yours sincerely,

Sam Wither
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