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4 November 2016

Dear Colleague,

Notice of changes to invoicing arrangements for National Grid Gas plc (NGG) and National Grid Gas Distribution Limited (NGGD)

As you will be aware on 1 October 2016 NGG 'hived out' its gas distribution business to a group company, NGGD. At the time of this separation it was not possible to achieve separated invoicing for the two companies via UK Link.

In order to mitigate these invoicing issues NGG raised a UNC Modification, 0592s, which allowed NGG to continue to bill and receive funds on behalf of NGGD. This arrangement was a temporary solution which would expire at the point at which separated invoicing could be achieved.

Within transitional arrangements introduced pursuant to UNC Modification 0592s NGG undertook to provide not less than 20 business days' notice to the industry of the withdrawal of these arrangements. This letter is the notice referred to in paragraph 5.3(a) of Transition Document Part II B and the "relevant date" for the purposes of paragraph 5.3(a) of Transition Document Part II B is 31 December 2016. Therefore with effect from 1 January 2017 NGGD will issue separate invoices in respect of all Transportation Charges relevant to its distribution network and NGG will continue to issue separate Transportation Charges relevant to the NTS.

The introduction of separated invoicing for NGG and NGGD will also introduce changes to the UK Link short code for NGG, which will be allocated the new short code 'NTS'. The 'TGT' short code will be assigned to NGGD for future invoices. Shippers may need to update their systems to reflect this change.

For invoices raised from 1 January 2017, payment for invoices will be made to the respective companies directly in accordance with the terms of the invoice. The bank account details for NGGD will be provided by Xoserve.

Credit Security Arrangements

From 1 January 2017 separate credit security arrangements for each company will also be required. Shippers will be required to provide credit to cover the value of their Value At Risk (VAR) for both NGG and NGGD going forward.

Credit teams from NGG and NGGD are already in the process of advising Shippers of their VAR amount and therefore their required credit. These arrangements will need to be in place by 1 January 2017.

Post Nexus Arrangements

As you will also be aware the industry is currently working to deliver a replacement to the UK Link system (Project Nexus). The go live date for this replacement system is scheduled for June 2017 ("Project Nexus Implementation Date" or "PNID").

Due to the functionality being specified for Nexus prior to the proposed sale of NGGD being announced and the subsequent change freeze which is now in place, Nexus has not been designed to deliver separate invoicing for NGG and NGGD.

In order to avoid the risk of any impact on the delivery of Project Nexus and the PNID, it will be necessary to implement a transitional invoicing process for NGG and NGGD Transportation Charges. Details of the transitional arrangements that will be in place for the initial period from the Project Nexus Implementation Date will be proposed to the industry as soon as practicable.

If you require further information in relation to this notice please contact:

You may direct questions to: box.GDxHaveYourSay@nationalgrid.com

For questions about the Gas Distribution Sale: Chris Newitt (christopher.newitt@nationalgrid.com) or Sue Higgins (sue.higgins@nationalgrid.com)

For Credit Security questions: (box.otc.securitiesandrisk@nationalgrid.com or Vickey King, Vickey.king@nationalgrid.com)

Or as always, you may of course contact your usual National Grid contact.

Yours Sincerely,



Sue Higgins
Industry Work Stream Manager, Gas Distribution Sale