

Russell Bredin
Account Manager

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20th December 2012

Dear Colleague,

OPERATING MARGINS (“OM”) – INVITATION TO TENDER

This Invitation to Tender represents National Grid Gas’ latest OM procurement exercise.

For further information on the work undertaken to date with regards to Gas Operating Margins please refer to the latest Gas SO Incentives documents which can be found by following the link below;

<http://www.nationalgrid.com/uk/Gas/soincentives/docs/>

The OM Requirement

Tenders are invited from Storage, LNG Importation with Storage, Supply Increase and/or Offtake Reduction to meet our forecast OM requirement for 2013/14. The forecast requirement is as follows

Year	Volume (GWh) per annum
2013/14	1090

The location of the forecast OM requirement, for both periods, is as follows:

NTS Zone ¹	Volume (GWh) per annum
Scotland	0
North	0
Wales	0
West	117
South	17

National Grid Gas requests tenders for up to one year for services commencing 1st May 2013.

¹ See Appendix 1

Tender Documentation

Documentation relating to this Invitation to Tender is now available on both National Grid's website and that of the Joint Office of Gas Transporters:

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

The following documents have been published:

- Invitation to Tender (ITT) letter
- Tender Sheets
 - Tender Pack 1 – Capacity
 - Tender Pack 2 – Gas Delivery
- Generic Operating Margins Gas Agreements
 - Operating Margins Gas Storage Agreement (capacity tenders)
 - Operating Margins Gas Delivery Service Agreement (deliverability terms for supply increase/demand reduction tenders – 'single site' and 'portfolio')
 - Operating Margins Services Agreement from LNG importation Terminal
- Gas Indexation Principles Document
- Gas Operating Margins Tender User Flowchart
- Explanation and Tender Guidance Document

The key dates for this Tender Round are as follows:

- | | |
|---|---|
| • Tender Opens | 20 th December 2012 |
| • Market Day | 17:00 hours on Friday 1 st February 2013 |
| • Tender Opening | 4 th February 2013 |
| • Tendering Parties notified of results | 22 nd February 2013 |
| • Service commencement | 06:00 hours on 1 st May 2013 |

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 **Friday 1st February 2013** to the address below. Envelopes should be clearly marked "**OM Tender**".

Russell Bredin
Market Operation
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).



Further Information

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.

Should any party wish to arrange further discussions directly with National Grid Gas, please request a meeting at your earliest convenience.

Alternatively please contact me should you have any queries.

Yours sincerely,

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National Grid Gas
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APPENDIX 1: Gas Operating Margins Locational NTS Zones

