

Eddie Blackburn
Regulatory Frameworks
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Steve Armstrong
Pricing & Margin Manager
Gas Distribution
National Grid
steve.armstrong@uk.ngrid.com
Direct tel +44 (0)1926 655834

www.nationalgrid.com

10 September 2008

Dear Eddie,

**Response to Gas Transmission Transportation Charging Methodology Consultation
Document NTS GCM12: Retrospective Negative TO Entry Commodity Charge &
Separate Management of K**

This response is on behalf of National Grid's gas distribution business. Our comments are constrained to the K management proposal since this impacts on the level of exit charges.

We support the proposal to split the treatment of TO over/under-recovery into separate entry and exit components for the purposes of setting charges and the proposed method of splitting interest charges on K. The proposal should lead to the target level for exit charge setting being fully independent of the level of under- or over-recover on TO entry and so should lead to more stable exit charge levels. We consider that more stable exit charge levels will better facilitate effective competition between gas shippers and between gas suppliers.

Yours sincerely,

(by email)

Steve Armstrong