

**APPROVAL OF UNIT COST ALLOWANCE IN RESPECT OF OBLIGATED
INCREMENTAL ENTRY CAPACITY AT MILFORD HAVEN**

Whereas:

- (a) Transco plc ("Transco") holds a gas transporters licence pursuant to section 7 of the Gas Act 1986;
- (b) Transco proposes to release obligated incremental capacity in accordance with Special Condition 28B Part 2 (14)(b)(ii) at Milford Haven and such capacity shall be treated as obligated incremental entry capacity for the purpose of Special Condition 28B Part 2 of its gas transporters licence; and
- (c) in accordance with Special Condition 28B Part 2 (14)(5)(b) of its gas transporters licence, Transco has submitted an application to the Gas and Electricity Markets Authority (the "Authority") to make available the obligated incremental entry capacity for sale at Milford Haven from October 2007.

NOW the AUTHORITY, hereby agrees for the purpose of Special Condition 28B Part 2 (14)(5)(a) of Transco's gas transporters licence that $PRIORCIOEC_m^j > 500$ GWh/d where m is 67 (October 2007) and j is Milford Haven and therefore approves the application of the UCAG¹ of 0.257 £/kWh.

Signed on behalf of the Authority by
Andrew Walker
Director, Transmission Networks Regulation



ANDREW WALKER