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Date: 13th December 2010

Dear Adam

**Modification of the Balancing and Settlement Code (“BSC”) :
Modification Proposal P262**

Reference is made to the direction to National Grid Electricity Transmission plc (“NGET's”) to modify the BSC issued by the Gas and Electricity Markets Authority (“the Authority”) and dated 10th December 2010 (“the Direction”).

The Direction has been made by the Authority pursuant to Condition C3.5(a) of NGET's licence to transmit electricity granted under Section 6 (1) of the Electricity Act 1989 (“the Transmission Licence”).

The Implementation Date for Alternative Modification P262 is 31st December 2010.

In accordance with Condition C3.5(c) of NGET's Transmission Licence, the BSC is hereby modified in accordance with the attached Direction.

Yours sincerely

Ben Smith

for and on behalf of
**National Grid Electricity
Transmission plc**