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Dear Cheryl,

Re: Transmission Access Review – Enhanced Transmission Investment Incentives: Final Proposals

Thank you for the opportunity to comment on the above document. This is a non-confidential response on behalf of the Centrica group of companies excluding Centrica Storage Ltd.

We will comment on the legal text required to give effect to the final proposals when that is issued as a formal statutory consultation by the end of February. In the meantime we would like to make the following high-level comments.

Firstly, we would like to note that in addition to the two parallel activities mentioned in the document, the ENSG study and TO funding arrangements, there is a third activity that is highly relevant to the Transmission Access Review process and which should also run in parallel: the fundamental review of the NETS SQSS. The outcome of this review could potentially reduce the required level of network investment as well as increase the amount of generation able to connect to the transmission system. Considering the proposed level of network investment and the need for generation investment it is important that progress is made soon with this review. We would therefore urge Ofgem to ensure that further delays are avoided.

Secondly, we are pleased that Ofgem's timetable is such that National Grid is able to take account of the final proposals in setting the final 2010/11 TNUoS tariffs. However, we would like to raise the point that it is unclear from National Grid's notice of the final 2010/11 TNUoS tariffs (published on 29 January 2010) what change in allowed revenue regarding strategic investment has been taken into account. To increase transparency and to enable the industry to better forecast TNUoS tariffs we would welcome further information in this respect.

We hope our comments have been helpful. If you have any questions regarding this response, please do not hesitate to contact me.

Kind regards,

Merel van der Neut Kolfshoten
Centrica Energy