



taking care of the essentials

Office of Gas & Electricity Markets
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For the Attention of Steve Smith –
Managing Director, Markets

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Our Ref.

Your Ref.

09 February 2005

Dear Steve,

Re: Consultation on an application by Energy Merchants Gas Storage (UK) Limited for an exemption under section 19A of the Gas Act 1986 from section 19B of the Gas Act 1986 for the planned expansion capacity at the Hole House gas storage facility

Thank you for the opportunity to comment on the application by EMGS for the extension of their existing TPA exemption to include the proposed expansion of their Hole House Farm gas storage facility.

Centrica supports any increase in the availability of gas storage services to the GB market which increases competition. We therefore welcome in principle the proposed expansion. We also agree that any facility where it is not necessary for it to be used by users for an economically efficient gas market to exist should be granted an exemption. However, whilst recognising the relatively small scale of this site, even after expansion, we believe that the impact on the market for storage services should be assessed separately before any exemption is automatically granted.

Turning to the proposed drafting of the exemption included with the Ofgem letter, we offer the following comments:

- a) it should be clarified that the definition of “information” as provided in Clause D 3 of Section D “Conditions”, should not be applied to D2 where the information required will be different,
- b) that any amendment to this exemption, even with the consent of the facility owner, as identified in D5 should only be after wider consultation with the industry and any other affected parties.

Should you wish to discuss any of our comments, please do not hesitate to contact me.

Yours sincerely,

Simon Goldring
Head of Transportation

A *centrica* business

Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy
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