

16th February 2007

Robert Hull, Director - Transmission
Office of Gas & Electricity Markets
9 Millbank
London SW1P 3GE

Dear Robert,

**RE: Ofgem Consultation:
Transmission Price Control Review:
Draft licence conditions (gas) second informal consultation**

Thank you for the opportunity to comment on the above document. Centrica Storage Limited (CSL) has followed the development of the Transmission Price Control Review for 2007 very closely and looks forward to seeing your formal statutory consultation pursuant to sections 23 and 23A of the Gas Act 1986 in March / April 2007.

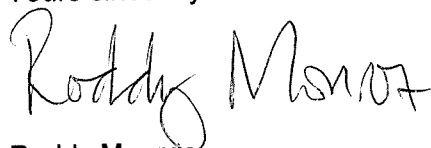
We note that this consultation sets out Ofgem's proposed licence changes in respect of price control and general framework, gas offtake and regulatory reporting.

The licence modifications proposed in relation to gas exit are predominantly driven by the need to implement appropriate incentives and obligations for the duration of the next control period consistent with the Final Proposals. However, given that the no decision has yet been reached on the final arrangements commenting on the appropriate licence provisions is problematic. We also note that the licence proposal in relation for gas entry have not been considered in this consultation and believe that, given the interaction between entry and exit incentives, it is imperative that modifications to these need to be aligned and complement each other.

With regard to the drafting of the licence modifications in relation to gas entry incentive regime CSL is concerned that NGG currently has incentives, of relatively small value, to take actions which can have very much greater adverse cost implications for the market. NGG should be provided with incentives to make as much additional capacity available and ensure maximum flexibility in utilisation of the NTS and maximum availability of gas to the market. These incentives should not induce action to limit capacity when it can be made available.

I hope that you find these comments of use and look forward to the formal statutory consultation in March / April 2007.

Yours sincerely



Roddy Monroe
Regulation Manager