



taking care of the essentials

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By e-mail

27 March 2009

Dear David,

Re: Consultation on Short Term Measures (Open Letter 27 February 2009)

Centrica welcomes the opportunity to comment on Ofgem's consultation on Short Term Measures.

As mentioned in our response to the initial December consultation, Centrica is very supportive of Ofgem's review of transmission investment incentives.

The proposed short term measures as described in Ofgem's Open Letter enable the recovery of certain pre-construction costs for the year 2009/10 without the need for user commitment or explicit provision within revenue drivers. We believe these proposals are an important pragmatic step in removing transmission investment barriers and we therefore support Ofgem's proposed modifications to the transmission licences.

The Open Letter also mentions 4 projects for construction works which SHETL believes should be taken forward in 2009/10. We understand that this requires changes to the existing revenue drivers and we have supported Ofgem in our response to the December consultation in first focussing on the pre-construction costs. However, in view of the proposed timetable in the Open Letter (next consultation in Spring/Summer 2009 and further consultation in Autumn/Winter 2009), Ofgem may want to consider these projects separately from measures to be implemented by Winter 2009 to enable SHETL, where required and justified, to commence construction well within this financial year.

If you have any questions regarding our response, please do not hesitate to contact me.

Kind regards,

Merel van der Neut Kolfshoten
Centrica Energy