

22nd May 2009

Mr. Bogdan Kowalewicz,
Gas Transmission,
Ofgem,
9 Millbank,
London, SW1P 3GE.

Centrica Storage Holdings Limited
Venture House
42-54 London Road
Staines
Middlesex TW18 4HF
Telephone 01784 415 300
Facsimile 01784 415 318
www.centrica-sl.co.uk

CCS@uk.ngrid.com

Dear Bogdan,

Proposed Disposal of Part of the NTS for Carbon Capture and Storage

Thank you for an opportunity to comment on this proposal by National Grid Gas. CSL is in general support of the proposals and we see this as a useful contribution to delivering the Government's environmental targets set out in its green agenda. We do, however, have a few comments to make with regard to high level considerations.

Firstly, with regard to transparency, we suggest that, consistent with the development of the Trades and Transfers Methodology Statement for entry capacity, Ofgem employ an external expert to conduct an audit of the proposed project to fully identify the impact of the disposal on NTS capacity and to assess the risks to security of supply. Only then will it become possible to make an informed decision.

Secondly, we would like to see a much more complete and transparent breakdown of National Grid's calculations (in reaching the £182 million 'high case' figure as well as subsequent subtractions), so that we can feel reassured that the asset has not been undervalued. At present, the lack of clarity or any level of precision in this area (£0.2million - £182million is not a satisfactory range) makes it difficult for us to accept National Grid's figures with confidence.

We hope that you have found these comments useful and please do not hesitate to contact me if you wish to discuss our response further.

Yours sincerely,



Camilla Kendrick
Sales and Marketing Manager