

4 February 2010

Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

FAO – Ian Marlee – Director, Trading Arrangements

**Re: EDF Energy Plc's application for an exemption from section 19B
of the Gas Act 1986 (reference 154/09)**

Dear Ian

Thank you for the opportunity to participate in the consultation process for EDF Energy Plc's application for exemption from Third Party Access for the Hill Top Farm gas storage facility. The views in this non confidential letter are expressed on behalf of the various companies of Centrica plc but exclude Centrica Storage Ltd.

We welcome the development of the Hill Top Farm gas storage facility and the contribution it will make to gas storage and gas flexibility in the GB market. Alternative and new flexibility sources will be needed for the market to continue functioning efficiently. Therefore, it is vital that a number of gas storage projects are brought to market.

We are delighted to see that EDF Energy has indicated that they intend to provide exit and entry flow data and also stock levels of the facility as per the UNC rules in force at the time but are disappointed to understand that further information/transparency requirements as per the Third Package will only be provided when provision becomes necessary. We encourage Ofgem to ensure that all Storage Service Operators (whether exempt or not) comply fully with the Guidelines for Good Practice for Storage Services Operators (GGPSSO).

We are disappointed to learn that observations made by Centrica plc and others on the market analysis conducted by Ofgem in reaching the decision to grant Storengy's exemption have not altered Ofgem's approach to market analysis for the EDF Energy exemption. There is always an element of judgement applied to assumptions but it appears that Ofgem always takes the narrowest view. The cumulative effect of this approach is to significantly underestimate relative market size.

Centrica plc has reviewed the application and although we remain uncomfortable with some of the assumptions that underpin the analysis, we would not object to the Ofgem proposal to grant exemption to EDF Energy Plc's proposed storage facility at Hill Top Farm.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'T. McLoughlin', with a stylized flourish at the end.

Tessa McLoughlin
Commercial Manager