

Natasha Ranatunga
Senior Manager - Gas Transmission Policy
Ofgem
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4th January 2013

Dear Natasha,

Avonmouth LNG Facility Price Review: Initial Proposals

1. Thank you for the opportunity to respond to Ofgem's latest consultation, Avonmouth LNG Facility Price Review: Initial Proposals, document 153/12. As a large integrated energy company in Great Britain that does not own any network interests, Centrica is in an ideal position to provide an unconflicted perspective on Network owners giving consumers' value for money in price controls.
2. This is a non-confidential response on behalf of the Centrica Group excluding Centrica Storage. Our response highlights our broad agreement with Ofgem's initial proposals and hopes that stakeholders will have greater clarity of Scotia Gas Network's plans for delivery of energy to the Scottish Independent Undertakings (SIUs) post April 2018.
3. We are supportive of Ofgem taking a robust approach in:
 - Intending to continue with a price cap on the regulated part of the business and not allow NGG, a revenue allowance;
 - Not permitting decommissioning costs to be passed through to consumers;
 - Insisting that depreciation should be calculated over the asset design life and not a shorter period if the asset is retired early; and
 - Dismissing NGG's claims that its commercial operation of the plant is being damaged by NG Grain LNG and that this should be compensated for.
4. However, our main concern is we need to understand the plans Scotia Gas Networks has for continuing to support the Scottish IUs after April 2018 and we urge Ofgem to make transparent these plans and decisions to all stakeholders and allow early engagement.
5. We hope you find our comments useful and we would be happy to discuss further, if helpful.

Yours sincerely,

Rochelle Harrison
Network Regulation Manager
British Gas
[Via email]