

Centrica Storage Ltd
Venture House
42-54 London Road
Staines
Middlesex
TW18 4HF

Telephone 01784 415 300
Facsimile 01784 415 302
www.centrica.com
www.centrica-sl.co.uk

To Mr J Majdanski
Contracts Compliance Manager and Secretary, Modification Panel
National Grid Transco
Ground Floor, Blue Zone
51 Homer Road
Solihull
West Midlands
B91 3QJ

3 February 2005

Dear Julian

Modification Number No. 736 - "Reintroduction of Constrained Top Up"

Centrica Storage Ltd (CSL) supports the aim of this modification, but offers the following comments.

We think that the definition of a "Constrained Storage Facility" may need to be reviewed. As we understand the position, Clause R4.1.1 defines Avonmouth and Dynevor Arms as Constrained Storage Facilities, but draft Clause R4.1.4 says – "Where any Storage Facility or LNG Importation Facility is to be a Constrained Storage Facility for a Storage Year, Transco will, not later than 1st March before the start of such Storage Year, publish a document (the "Constrained Storage Statement") containing the following details for each Constrained Storage Facility"

We suggest that this would require a Code Modification if any new facility is to become a "Constrained Storage Facility", which maybe unhelpful in view of the likely timescales for identifying transmission support requirements.

Generally, the cost treatment in respect of traditional Constrained Top-Up services would be reasonably transparent, but we are unaware that the "Top-Up Gas Retention and Delivery Arrangements" have been debated or presented to any Code meeting and we do not believe the prospective impacts are clear. Providing there is absolutely no financial impact on shippers this need not be a difficulty, but we are unclear whether (for example in respect of Dynevor Arms and LNG Importation Facilities in South Wales) there may be a transmission support interaction which could affect shippers' costs and shippers' valuation of storage capacity.

Yours sincerely

Tom Welch
Head of Sales & Marketing