

12th September 2006

Julian Majdanski
Joint Office of Gas Transporters
Ground Floor Red
51 Homer Rd
Solihull
B91 3QJ

Dear Julian,

UNC MODIFICATION PROPOSAL No. 0108

"Publication of Near Real Time Data at GB Storage Sites"

Centrica Storage Ltd (CSL) welcomes the opportunity to comment on the above Modification Proposal.

CSL supports the implementation of this proposal and reiterates its view that UNC 006, in its current form, is prejudicial against certain storage operators as it uniquely reveals their market position within the balancing period, thereby distorting competition between relevant shippers. Further, CSL believes the creation of unique exposure levels to a particular class of system user not only distorts the level playing field but that this exposure will also lead to a reduction in the efficiency of the wholesale gas market. This modification seeks to allay these issues to further the relevant objectives by aggregating all storage operators 'real-time' flows whilst enhancing the amount of information available to the wider market.

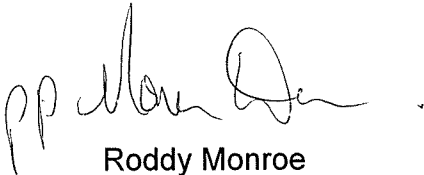
CSL would like to reiterate that we are pro information release as evidenced by inter alia our 100% compliance with GGPSSO and the daily release of storage inventory levels made available to the entire market as part of the storage monitor regime. Indeed we maintain that all information currently published by storage operators is beneficial to the wider market promoting the efficient and economic operation of the pipeline system and moreover does not commercially reveal market positions. This modification seeks to align real-time data flows within the existing information provisions on a class of system user without uniquely exposing their commercial position.

During the consultation process we have discussed, with several parties, the rationale which underpins our proposal and the issue of the extent to which certain storage operators will be exposed has been a common theme. As a result of these discussions we would like to offer the following point of clarification.

Changes in near real time flow data may result from a number of reasons; two likely reasons being a change in shipper nomination and distress, the former sending benign price signals, the latter increasing volatility. As a change in shipper nomination is not currently published on a near real time frequency it has been suggested that, at any storage facility that demonstrates a reduction in production, a certain level of uncertainty would exist within the trading community thus offering protection to the affected party. CSL contests this view. Market participants act using all available information; if the marginal price of gas is at a level which storage production would normally be expected then it appears reasonable to assume that any turn down in flow would be as a response to distress and not a change in nomination thus exposing that party as a distressed buyer and providing the opportunity for inefficient rents to be extracted.

Please do not hesitate to contact me if you require any further information regarding this response.

Yours sincerely

A handwritten signature in black ink, appearing to read 'pp Roddy Monroe', with a small dot at the end.

Roddy Monroe

Regulation Manager

Centrica Storage Ltd.