

14 March 2012

Tim Davis

Joint Office of Gas Transporters

enquiries@gasgovernance.co.uk

Centrica Storage Limited

Venture House

42-54 London Road

Staines

Middlesex TW18 4HF

Telephone +44 (0)1784 415300

Facsimile +44 (0)1784 415318

www.centrica-sl.co.uk

CC: Dora Ianora

Ofgem

industrycodes@ofgem.gov.uk

Dear Tim,

Re: Centrica Storage Limited's response to consultation on UNC Modification 0338V - Remove the UNC requirement for a 'gas trader' User to hold a Gas Shipper Licence

Centrica Storage Limited (CSL) welcomes the opportunity to provide its views on the proposal to remove the UNC requirement for "gas traders" to hold a Shipper licence. This is a non confidential response and as such we have no objection to it being placed on JOGT's website.

As a Storage Operator¹ of a Storage Facility², CSL runs a facility that stores natural gas that provides network users a certain degree of commercial flexibility, including enabling traders to cover their positions using storage services (both physical and commercial).

Some network users utilise non-physical storage services to secure commercial flexibility without being responsible for the physical movement of gas that is (eventually) necessary to satisfy the relevant storage nominations. The Storage Operator will then be responsible for both the management of entry/exit capacity and the nomination/allocation of gas at the Storage Connection Point.

Following the introduction of the proposed new regulatory framework for traders, we believe that such network users should still be able to access non-physical storage services but not physical storage services, in line with the principle that traders should only be involved in non-physical trading of gas at the NBP³.

We therefore ask the UNC Panel to consider that the UNC modifications introduced by proposal 0338V should not prevent future Trader Users to access non-physical storage services. In particular, we have concerns that the total non-applicability of UNC TPD section R to Trader Users may be interpreted as the prevention to such Users from accessing any type of storage service, including non-physical ones.

If proposal 0338V is implemented as it stands and depending on future regulatory arrangements for Trader Users, it may become necessary to further amend Section R in order to reflect what types of storage services can be accessed by such users.

¹ defined in the UNC TPD R 1.2.1.b


² defined in the UNC TPD R 1.2.1.a

³ as discussed in the "Open letter consultation on changes to Ofgem1 licensing policy for gas traders" (Ofgem, 19/01/2012)

We copy this response to Ofgem with the intention to provide useful comments on the related ongoing consultation on changes to licensing policy for gas traders.

Please, do not hesitate to contact me if you wish to discuss the response further.

Your sincerely,

A handwritten signature in black ink, reading "Jacopo Filippo Vignola". The signature is written in a cursive style with a large initial 'J'.

Jacopo Filippo Vignola

Regulatory analyst

direct: +44 (0)1784.415386

mob: +44 (0)7769.542498

jacopo.vignola@centrica-sl.co.uk