

**From:** "Ireland, Beverley" <Beverley.Ireland@ScottishPower.plc.uk>  
**To:** <rochelle.ladd@ofgem.gov.uk>  
**Date:** 10/29/02 4:50pm  
**Subject:** SSE's Acquisition of Hornsea Consultation Response.

Dear Rochelle,

As requested please find ScottishPower's response to 'SSEs completed acquisition of Dynegy Storage Ltds gas storage facilities' consultation.

1. Firstly I would like to highlight a factual mistake in Section 5.7 p7 - ScottishPower have no ownership or any interest holdings in Humbly Grove as stated in this document. Star Energy own this store and any potential planning permission. ScottishPower (SP) would wish to have this corrected. We are however about to embark on a public planning inquiry relating to a salt cavity store at Byley, Cheshire.

2. SP agree that confidentiality must be maintained between the store customer and the operator to ensure commercially sensitive information is not accessible to SSE's trading entity however we do not necessarily believe this has to be achieved through regulated undertakings. SSE argue that due to commercial pressures of a competitive market they would require to observe the confidentiality of storage customers' injection/withdrawal nominations and SP are inclined to agree in principle with this view. Competition is already increasing with the splitting of ownership of Rough and Hornsea and can only be enhanced with the progression of the proposed additional stores at Alborough and Byley.

3. As stated in 6.3, p14 SSE through Hornsea have only 13% of the physical storage deliverability market, therefore, we are comfortable that SSE should not be subject to undertakings relating to Hornsea market dominance, however with regards to the acquisition of Rough we believe due to the level of market influence (30% of deliverability market) undertakings will need to be considered. Storage is an important component for the supply of flexible gas in the UK which is becoming increasingly more so as the UK becomes a net importer of gas. ScottishPower are comfortable that the existing legislative framework relating to competition should be robust enough to ensure that the provisions from Hornsea and other services will not encourage market dominance or abuse.

If you have any queries in relation to the issues raised in this response please feel free to contact me.

Yours Sincerely  
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