

Rochelle Ladd
Strategy and Corporate Transactions Manager
Office of Gas and Electricity Markets
9 Millbank
London
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December 10 2002

Dear Ms. Ladd:

Centrica's completed acquisition of Dynegy Storage Limited and Dynegy Onshore Processing UK Limited

As a major user of gas and electricity in over 5,000 locations the NHS shares OFGEM's concerns that the above merger could have an impact on competitiveness in the energy markets.

We concur with the report in general, and fear that it would only increase the dominant position Centrica still hold so long after de-regulation. However, given commercial realities we also agree that if sufficiently robust undertakings are provided by Centrica, threats to competition will diminish substantially.

We would suggest an additional undertaking that as well as ensuring that Centrica does not abuse a dominant position would also have an added benefit of increasing transparency in the wholesale gas market. We suggest that all storage service providers provide weekly to a central point, information regarding the levels of gas in storage (either by volumes or percentages of full) and preferably include a historical comparison of these figures.

I would put forward that the United State Energy Information Administration statistics be used as a role model for the type of information to be made available, although the information itself need not necessarily be collated or published by any UK government body.

In the past suggestions for publishing of storage levels were rejected on grounds that they were commercially confidential. Given that Centrica has made it's current and future storage levels a matter of public record, this objection should no longer apply. We also underline the benefits to both wholesale gas traders themselves and end-users in having available the information in the public domain. As many end-users move towards contracts that are based on spot-price movements we are eager to support the wholesale energy market's long-term future by making it as transparent as possible. Published storage levels make one of the key supply and demand drivers available to all market participants, and thus would enhance price discovery.

Please don't hesitate to contact me if you need any clarification on any of the points raised.

Yours sincerely

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