



Industry & Regulation

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Wednesday, 21 June 2006

Grant McEachran
Ofgem
9 Millbank
London SW1P 3GE

By E-mail

Dear Grant,

Re: Proposal to modify Standard Licence Conditions C5 and C6 of the Electricity Transmission Licence and Standard Special Condition A5 of the Gas Transporters Licence.

Thank you for the opportunity to respond to the above consultation letter. Centrica is content that this non-confidential response be placed on the Ofgem Website and in the Ofgem Library.

Centrica welcomes this consultation and Ofgem's commitment to Impact Assessments (IAs), which we believe are a useful tool in decision making, particularly in the case of complex or borderline proposals.

Centrica agrees that where a change is proposed under the licence conditions described above, it is important that a detailed IA is conducted where necessary, and hence that under these circumstances it is appropriate to allow the Authority additional time to consult. We therefore support the proposed amendments, with some reservations.

In all cases, we believe that where practical, methodology changes should move quickly and hence we welcome Ofgem's confirmation that this modification would only apply where an IA is required. We would be concerned if the modification were to lead to delays in decisions being made on the generality of change proposals.

The licence conditions require the licensee to have consulted participants prior to the submission of the report to the Authority, and clearly it is open to respondents at this stage to indicate their belief as to whether or not an IA is required prior to an Authority decision. However, we would also encourage Ofgem to solicit views from affected parties on whether or not an IA would be beneficial in a particular case, and what aspects of the proposals would most benefit from this kind of scrutiny. This proposal would not seek to fetter the Authority's discretion in any way, but is simply intended to improve the quality of the resulting IA.

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We would also encourage Ofgem to consider the duration of the extension on a case by case basis. Whilst some proposals may require an extension of the full three months, others may only require a shorter period. Where possible, therefore, we believe the extension should be minimised to provide early certainty to industry participants, and should not be an automatic three months. We would not wish to see the maximum period become the norm.

We hope these comments have been helpful, and would be happy to discuss any points in more detail if this would be useful.

Yours sincerely,

By e-mail

Alison Russell