

Project Manager  
Rough Undertaking Review  
Competition and Markets Authority  
Victoria House,  
37 Southampton Row  
London, WC1B 4AD

17 November 2017

Dear Mr Cave

## **Centrica's response to the CMA's Notice of proposal to release Centrica and CSL from the undertakings**

Centrica plc (Centrica) and Centrica Storage Limited (CSL) welcome the Competition & Markets Authority (CMA)'s provisional decision to release them from undertakings given in relation to the acquisition by Centrica of Dynegy Storage Limited and Dynegy Onshore Processing UK Limited (the Undertakings).

Centrica and CSL agree with the CMA's conclusion that the Undertakings are no longer appropriate due to the significant change in circumstances. This significant change is the result of the age and degradation of the wells and other facilities at Rough which mean that Rough is no longer capable of safe injection operations without substantial refurbishment which is not economically viable.

As set out in our submission seeking the release of the Undertakings, changes in the gas market over recent years, including increased and diversified sources of supply combined with decreasing demand for natural gas have resulted in a significant decrease in the price of seasonal spreads. Furthermore, we agree with the views of the Department of Business, Energy and Industrial Strategy (BEIS) that notwithstanding the closure of the Rough storage facility, that the current and forecast levels of GB supply and storage infrastructure are sufficient to meet all customer demand in all but the most extreme cases. The decision by the CMA will allow Rough to continue to contribute to the GB wholesale gas market as a production facility over the next few years.

Please let me know if there is any further information that the CMA requires to facilitate the process for releasing Centrica and CSL from the Undertakings.

Yours sincerely



Grant Dawson  
**General Counsel & Company Secretary, Centrica plc  
Chairman, Centrica Storage Limited**