

Notice of release of Centrica plc and Centrica Storage Ltd from undertakings given to the Secretary of State for Trade and Industry pursuant to section 88 of the Fair Trading Act 1973

Introduction

1. On 18 December 2003 the Secretary of State accepted final undertakings (the Undertakings) from Centrica plc (Centrica) and Centrica Storage Limited (CSL) under section 88(2) of the Fair Trading Act 1973 (FTA). The Undertakings followed from the Competition Commission's report entitled Centrica plc and Dynegy Storage Ltd and Dynegy Onshore Processing UK Ltd: A report on the merger situation published in October 2003.
2. The CMA has a statutory duty¹ to keep under review undertakings given under the FTA. On 29 September 2017, Centrica and CSL submitted a request to the Competition and Markets Authority (CMA) for a review of the undertakings as they believed they needed to be released. The CMA reviewed this request and, on 17 October 2017 decided to review the Undertakings.
3. On 15 November 2017, the CMA published its report entitled Rough Undertakings Review: Provisional Decision.
4. On 13 December 2017, CMA published its report entitled Rough Undertakings Review: Final Decision. In summary, the CMA concluded that the age and degradation of the wells and other gas storage facilities at Rough (including likely future degradation) meant that Rough is no longer capable of safe injection operations without a substantial refurbishment which is not economically viable, which constitutes a change of circumstance which means the undertaking is no longer appropriate and the relevant parties can be released from the undertaking.

¹ Sections 88(4) of the FTA (as preserved in Schedule 24 of the Enterprise Act 2002).

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5. On 13 December 2017, the CMA published its report entitled Rough Undertakings Review: Final Decision.
6. The CMA has not received any representations that caused it to change its provisional decision.
7. Pursuant to paragraph 16 of Schedule 24 of the Enterprise Act 2002 the CMA now gives notice of the release of Centrica and CSL from the undertakings.

Martin Cave
Group Chairman
13 December 2017