

ANNUAL REPORT ON THE INDEPENDENT OPERATION OF ROUGH GAS STORAGE FACILITY

Reporting period: 1 January – 31 December 2024

Background

The 2024 independence assessment was conducted against a backdrop of significant uncertainty for the Rough gas storage facility in the Southern North Sea (Rough). Rough is an ageing asset and significant investment is required for it to be available for the future as a strategic energy store. However, at the time of conducting the assessment, gas storage markets in the UK were not functioning effectively and no regulatory support mechanism was available or forthcoming from HM Government meaning such investment was not financially viable. Consequently, Rough has been increasingly operating under a heightened risk of closure and potential decommissioning. During the reporting period, Rough was not serving third parties, and all capacity was currently utilised internally. The scope and conclusions of this year's assessment are proportionate to that overall risk environment.

Centrica Energy Storage Limited ("CES+"), a wholly owned subsidiary of Centrica plc, operates Rough and the Easington gas terminal in East Yorkshire. Following a period of not storing gas from 2017, Rough was reopened in October 2022 for storage use and limited gas production.

CES+ holds the necessary licences and is subject to relevant obligations under the Gas Act 1986 and retained EU law (notably the Third Gas Directive 2009/73). Ofgem oversees compliance with independence and third-party access provisions. CES+ operates under an exemption from negotiated third-party access (nTPA), granted by Ofgem on 3 August 2022¹ and extended to 1 April 2030². The facility currently operates solely for Centrica Group's benefit, though processes remain in place to manage third-party enquiries.

Regardless of the exemption, CES+ remains subject to Sections 8R(6) and 11C(7) of the Gas Act, including prohibitions against discriminatory treatment of non-affiliates and improper use or disclosure of commercially sensitive information.

¹ [Decision on exemption to Acquisition of rights to use the Rough gas storage facility \(ofgem.gov.uk\)](#)

² [Decision to modify exemption held by CSL for Rough storage facility \(ofgem.gov.uk\)](#)

Approach to compiling the independence report

CES+ reappointed Henderson Loggie LLP (“HL”) as Independence Compliance Officer for 2024. HL conducted a compliance review programme assessing CES+ governance, training, controls, and the effectiveness of separation mechanisms.

The review found progress since 2023, including stronger governance documentation and improved training. Areas for continued development include conflict of interest processes and assurance over access controls. HL’s findings are summarised in Appendix A to their report.

Independence of storage facilities (Regulation 8R)

CES+ is a legally separate subsidiary and does not engage in the supply, sale, or production of gas for commercial purposes. The Rough facility remains in exclusive use by Centrica entities under the nTPA exemption.

The CES+ Board includes individuals with other Centrica directorships, including one holding a governance role in a gas supply entity. This creates potential for perceived conflicts, but that individual does not participate in commercial decision-making and remains bound by legal ethical duties.

To manage such risks:

- A formal Board Terms of Reference was implemented
- Board meetings are held at least annually with documented minutes
- Conflict assessments were strengthened, though HL recommends more detailed documentation, especially regarding dual roles.

Storage Service Contract

CES+ has a formal contract with British Gas Trading Limited (“BGTL”) governing injection, withdrawal, and storage, including terms for pricing, unused capacity, and confidentiality. Pricing follows a cost-plus margin model. All capacity was utilised by BGTL in 2024 and is expected to remain so through 2025.

Provisions in place to prevent discrimination against non-affiliates (Regulation 8R)

The CES+ Independence Programme enforces non-discrimination through:

- Adherence to Centrica’s Code of Conduct (“Our Code”)
- Strict controls over access to commercially sensitive information
- Prohibitions on information sharing between CES+ and other Centrica entities

Mandatory annual training supports these controls. In 2024, CES+ updated its “Introduction to REMIT and Unbundling Obligations” module. Completion rates improved, though HL recommended enhancing recordkeeping.

Prevention of improper disclosure or use of information (Regulations 8R & 11C)

CES+ operates under Centrica’s Handling Inside Information Policy and REMIT Assessment procedures. The Easington control room oversees outage-related market disclosures. Only authorised staff have access to pre-disclosure information.

The Hesse office maintains strong physical security and controlled access to CES+ workspaces. Visitor protocols and IT access rights are tightly managed, with onboarding, leaver, and role change processes in place. HL advised developing a regular access assurance programme, which CES+ has committed to through its 2024 Risk and Controls Upgrade Programme (RCUP).

Conflicts of interest

Potential conflicts were reviewed during HL's assessment. These include board-level dual roles, central shared service support, and the movement of staff between CES+ and other Centrica entities. Although no actual conflicts were identified, HL noted that enhancements to how these are documented and reviewed would further support compliance.

Capacity Allocation Mechanism

CES+ continues to manage capacity allocation in line with its exemption and Gas Act obligations. In 2024, all capacity was used by BGTL. No spare capacity was available to offer externally, though CES+ received expressions of interest. CES+ remains ready to allocate any future capacity transparently and non-discriminatorily.

Summary

CES+ has continued to meet its statutory obligations under Sections 8R and 11C of the Gas Act. While market conditions and the operational outlook create a constrained context, CES+ has maintained appropriate governance and compliance standards. Key enhancements were implemented, and remaining improvement areas will be addressed in 2025. No material non-compliance issues were identified.

**Centrica Energy Storage +
July 2025**