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ANNUAL REPORT ON THE INDEPENDENT OPERATION OF ROUGH GAS STORAGE FACILITY

Reporting period: 1 January 2025 – 1 April 2026

Background

Centrica Energy Storage Limited ("CES+"), a wholly owned subsidiary of Centrica plc, operates Rough and the Easington gas terminal in East Yorkshire.
CES+ holds the necessary licences and is subject to relevant obligations under the Gas Act 1986 and retained EU law, including the Third Gas Directive 2009/73. Ofgem oversees compliance with independence and third-party access requirements. CES+ operates under an exemption from negotiated third-party access granted by Ofgem on 3 August 2022 and extended to 1 April 2030. The facility currently operates solely for Centrica Group's benefit, with processes retained to manage third-party enquiries.

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

The 2025 assessment was conducted against continuing uncertainty in UK Government policy affecting Rough. Rough is an ageing asset requiring substantial investment to expand capacity and remain available as a strategic energy store. However, UK gas storage market conditions and the absence of regulatory support from HM Government meant that maintaining the existing facility was not viable financially. For the same reason, there is no business case at the present time to commit significant investment to the facility. As seasonal spreads were insufficient to cover operating costs, CES+ operated Rough in production mode. Rough was designed with both storage and production capability though cannot undertake both simultaneously. Production mode is permitted under the relevant licences and NSTA consents[1].. Rough has held joint storage and production consent since reopening in 2022, most recently extended to 30 April 2027. This does not mean CES+ undertakes a separate gas production business for Gas Act purposes; production is an alternative operating mode within the existing Rough infrastructure where storage is not commercially feasible. During the period, production was limited to cushion/base gas for operational, asset integrity and pressure management reasons. Any gas delivered into the National Transmission System and subsequently sold was ancillary to production-mode operation. All stored gas was fully withdrawn during 2025 before any production gas was removed.

The scope and conclusions of this assessment are proportionate to that risk environment.

Approach to compiling the independence report

For 2025, CES+ reviewed the Independence Programme in-house through Centrica's second line Compliance function, using the established methodology and lessons from previous cycles. The review covered governance, training, controls and separation mechanisms. It found continued progress since 2024, including refreshed training, updated assurance activity and stronger access controls for key systems.

[1] *Rough consent granted*

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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, other than as described above.

During the reporting period, the CES+ Board continued to include individuals who also hold other Centrica directorships. One director was appointed to the board of a newly created entity connected with infrastructure at the Isle of Grain LNG terminal. Following legal review, no material implications for CES+ independence were identified. All other previously considered circumstances remained unchanged.

To mitigate actual or perceived conflicts and protect independence, CES+ maintains formal governance arrangements, board oversight, documented decision-making and legal/compliance support where required.

Storage Service Contract

CES+ continues to have a formal contract with British Gas Trading Limited ("BGTL") governing injection, withdrawal and storage, including pricing, unused capacity and confidentiality. All available capacity was utilised within Centrica Group during the 2025 reporting period.

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

The CES+ Independence Programme supports non-discrimination through Centrica's Code of Conduct ("Our Code"), controls over commercially sensitive information and restrictions on information sharing between CES+ and other Centrica entities.

Mandatory training supports these controls. During 2025, CES+ refreshed its training, expanded the defined in-scope population and significantly improved completion rates.

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

CES+ continues to operate under internal policies and procedures governing confidentiality, inside information and REMIT-related controls. Access to commercially sensitive information remains restricted to authorised individuals.

Physical security at the Easington terminal remains robust, with layered access controls and secure site arrangements. The Hessle office is a less restrictive environment, but relevant controls remain in place, and access restrictions continue to be reviewed periodically.

System access controls developed further during the year. Core IT account provisioning and decommissioning are now largely automated through Workday, while access to key systems is managed through product owners and established control processes.

Conflicts of interest

Potential conflicts were reviewed, including board-level dual roles, central shared service support and staff movements between CES+ and other Centrica entities. No actual conflicts were identified, nor have any arisen during the reporting period.

Capacity Allocation Mechanism

CES+ continued to manage capacity allocation in line with its exemption and Gas Act obligations. No spare capacity was available to offer externally on terms that were commercially viable in 2025, although expressions of interest were received. CES+ remains ready to allocate any future capacity transparently and on a non-discriminatory basis.

Summary

CES+ has continued to meet its statutory obligations under Sections 8R and 11C of the Gas Act. Although the operating context remains constrained, CES+ has maintained appropriate governance and compliance standards, implemented key enhancements and will continue to progress the remaining improvement areas. No material non-compliance issues were identified.