

LNG Storage – Operational and Commercial Arrangements

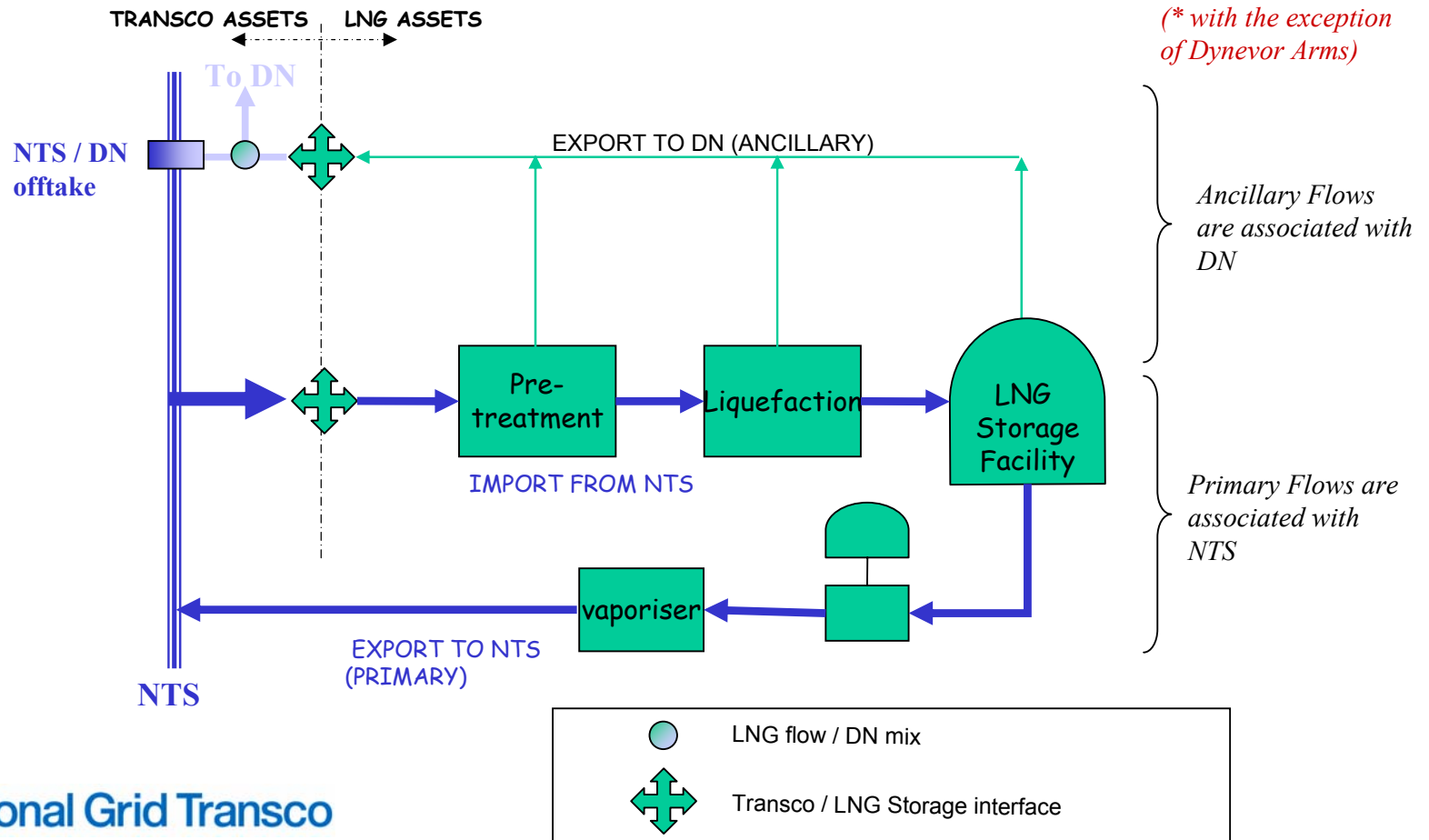
Presentation to DISG 21 September 2004

There are 3 primary reasons for LNG Storage to be associated with NTS rather than the DNs

- **Asset connection**
 - LNG Storage facilities are categorised as ‘NTS connections’ as flows are associated primarily with the NTS
- **Flow quantity**
 - Flows to DNs from LNG Storage are small in comparison with that capable of flowing to/from NTS
- **Commercial and Operational arrangements**
 - Exist primarily between Transco NTS and LNG Storage

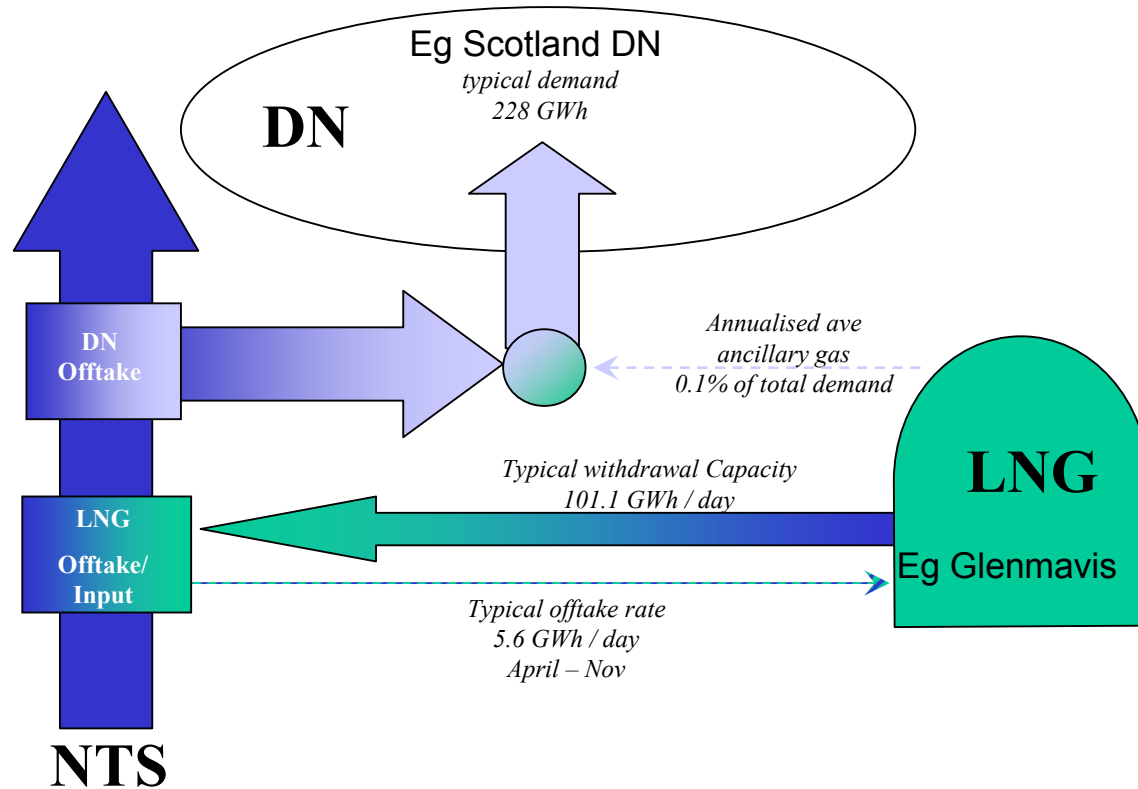
Asset Connection:

Primary Gas flows into and out of storage are from/to the NTS.
Only ancillary flows (boil-off & reject gas) are exported to the DN*



Flow Quantity:

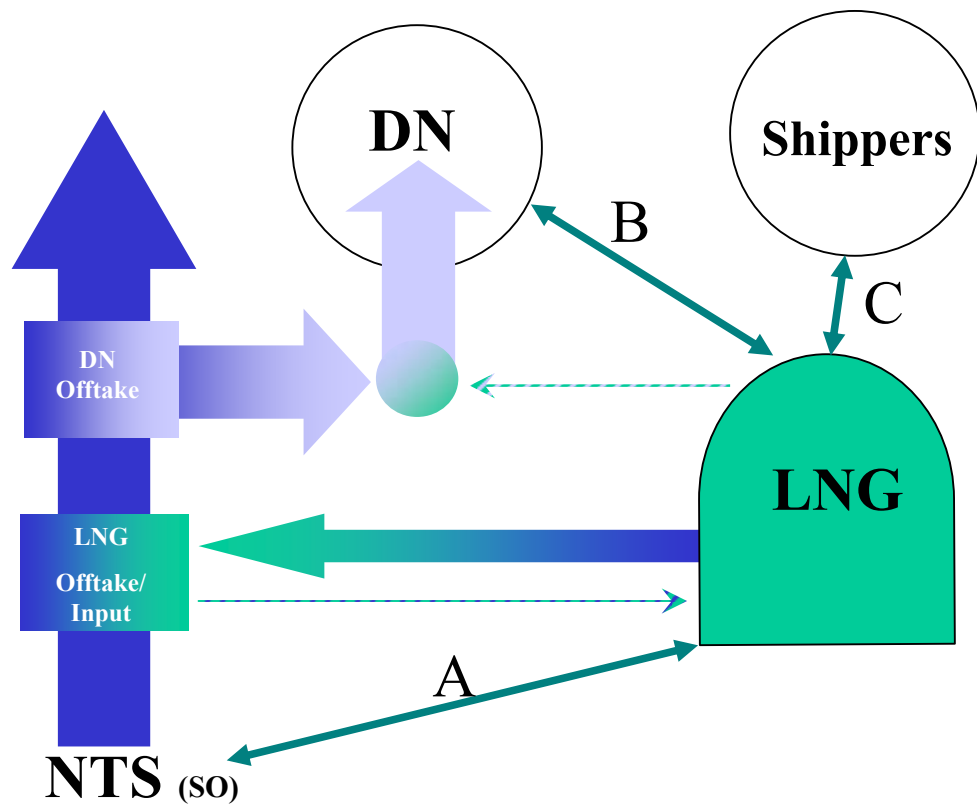
LNG flows to the DN are very small in comparison to LNG flows associated with the NTS



- LNG flows to DN are boil off and reject.
- Reject gas flows to DN are typically only during injection times, ie Apr – November
- Boil off gas occurs all year round

Operational Arrangements:

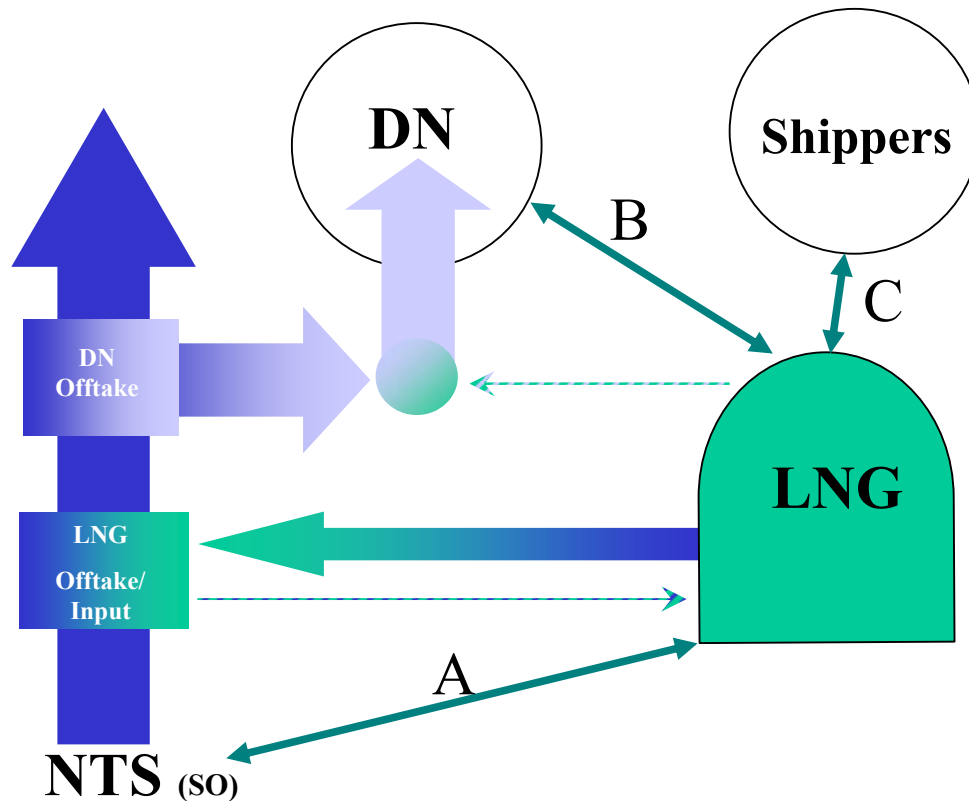
for LNG storage these are currently intra-company arrangements



	Current	Post Network Sales
A	Storage Connection agreement between NTS and LNG storage	No change
B	Storage Connection Agreement wrt ancillary flows applies	Requires a formal Agreement to be signed
C	No agreement required	No change

Commercial Arrangements:

for LNG storage are currently primarily through Transco as the NTS System Operator



	Current	Post Network Sales
A	Network Code	No change
B	SIUs: purchase via network code, tanker filling agreement	No change, included in UNC
C	Network Code	No change

Future Arrangements Post Network Sales:

We currently envisage that LNG Storage would be applicable only for the NTS GT licence

