



Bringing choice and value
to customers

To all interested parties

Direct Dial: 020 7901 7159
Email: jo.witters@ofgem.gov.uk

11 February 2005

Dear Colleague

European Commission decision on Ofgem's decision to grant South Hook LNG Terminal Company Ltd (SHTCL) and Grain LNG Ltd (GLNG) an exemption under section 19C(5) of the Gas Act 1986 (the "Gas Act") from the application of section 19D of the Gas Act

On 29 November 2004, Ofgem published final views on SHTCL's application under section 19C of the Gas Act for an exemption from section 19D of the Gas Act.¹ On 3 December 2004, Ofgem published final views on GLNG's application under section 19C of the Gas Act for an exemption from section 19D of the Gas Act.² In both cases Ofgem considered that all the exemption criteria are met and therefore the Authority decided to grant SHTCL and GLNG an exemption under section 19C(5) of the Gas Act from the application of section 19D of the Gas Act.

Ofgem's final views, together with the exemption orders and all supporting documents were subsequently submitted to the European Commission. The European Commission has two months in which it can veto a decision by the relevant authority in a Member State to grant an exemption, or request that the regulatory authority amend its decision.³

On 10 February 2005, Ofgem received a decision from the European Commission. The European Commission has decided not to request Ofgem to amend or withdraw its decision. Therefore, the exemptions granted to SHTCL and GLNG remain in place.

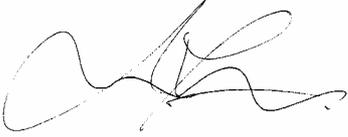
¹ "Application by South Hook LNG Terminal Company Ltd (SHTCL) (owned by Qatar Petroleum and ExxonMobil) under section 19C of the Gas Act 1986 for an exemption from section 19D of the Gas Act 1986" Ofgem final views, November 2004

² "Application by Grain LNG Ltd under section 19C of the Gas Act 1986 for an exemption from section 19D of the Gas Act 1986" Ofgem final views, December 2004

³ This two month period may be extended by one additional month where additional information is sought by the Commission.

If you have any further queries in relation to the issues raised in this letter, please feel free to contact Adam Higginson on 020 7901 7432.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jo Witters', is centered within a light gray rectangular box.

Jo Witters
Head of Wholesale Markets Policy