

Grain LNG Importation Terminal Winter

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Grain LNG

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nationalgrid

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National Grid Grain LNG Limited

- ◆ Is a wholly owned subsidiary of National Grid.
- ◆ Owns and operates the Grain LNG importation terminal at the Isle of Grain in the south east of England.
- ◆ Operates the importation and regasification process of liquefied gas.
- ◆ Commercial Operations commenced 15th July 2005.
- ◆ This terminal was the first UK LNG importation facility and provides 4% of the UK demand.



Winter deliverability is increasing

1st October 2005 – 28th February 2007

- ◆ 2005 – 2006 13 Vessel unloads (1,706,986 m³ 11676 Gwh)
- ◆ 2006 – 2007 22 Vessel unloads (2,925,969 m³ 19581Gwh)

Average flow

2005

71,816,536Kwh

2006

128,894,412Kwh

Export performance against nominations

2005

99.37%

2006

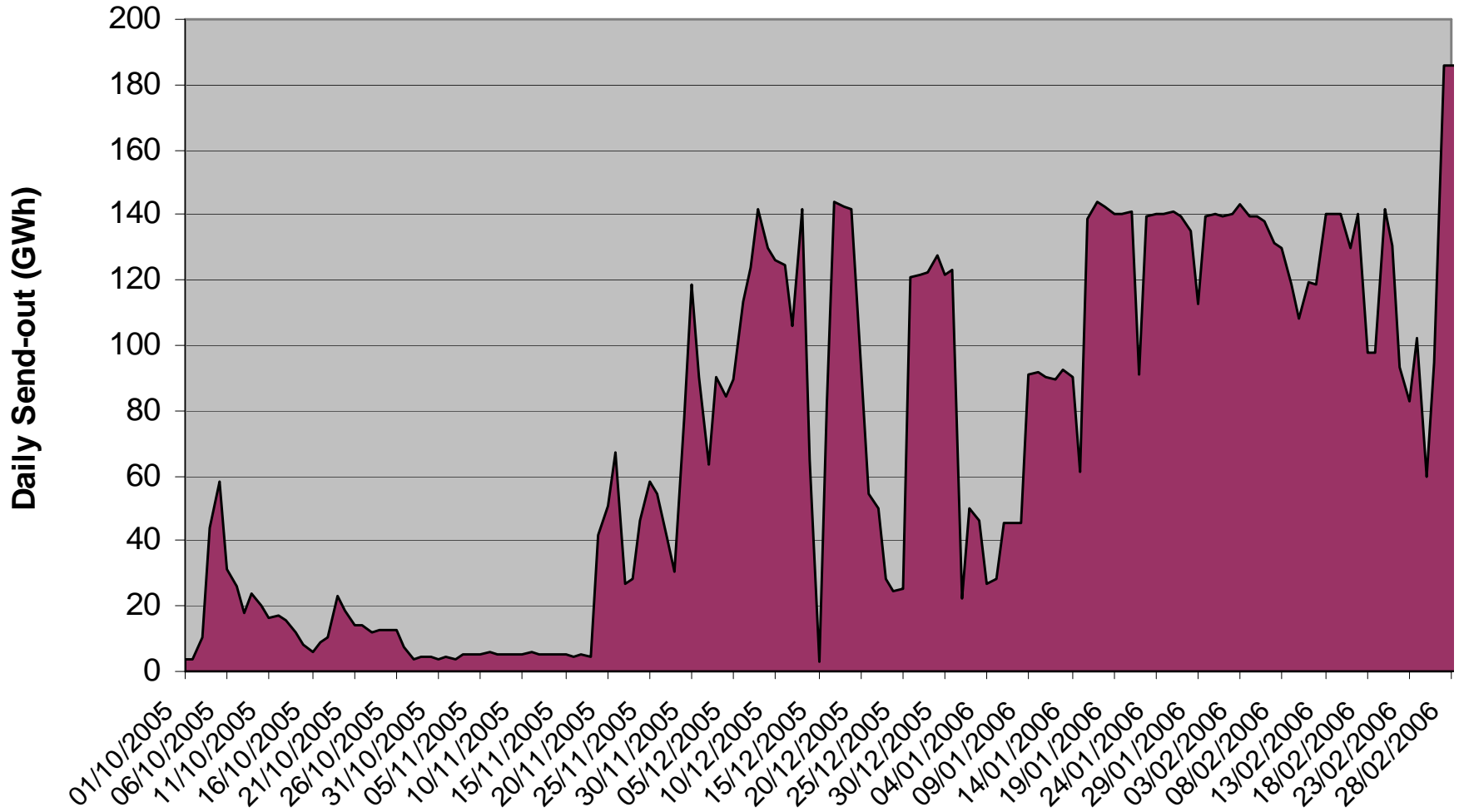
100.27%

FTP

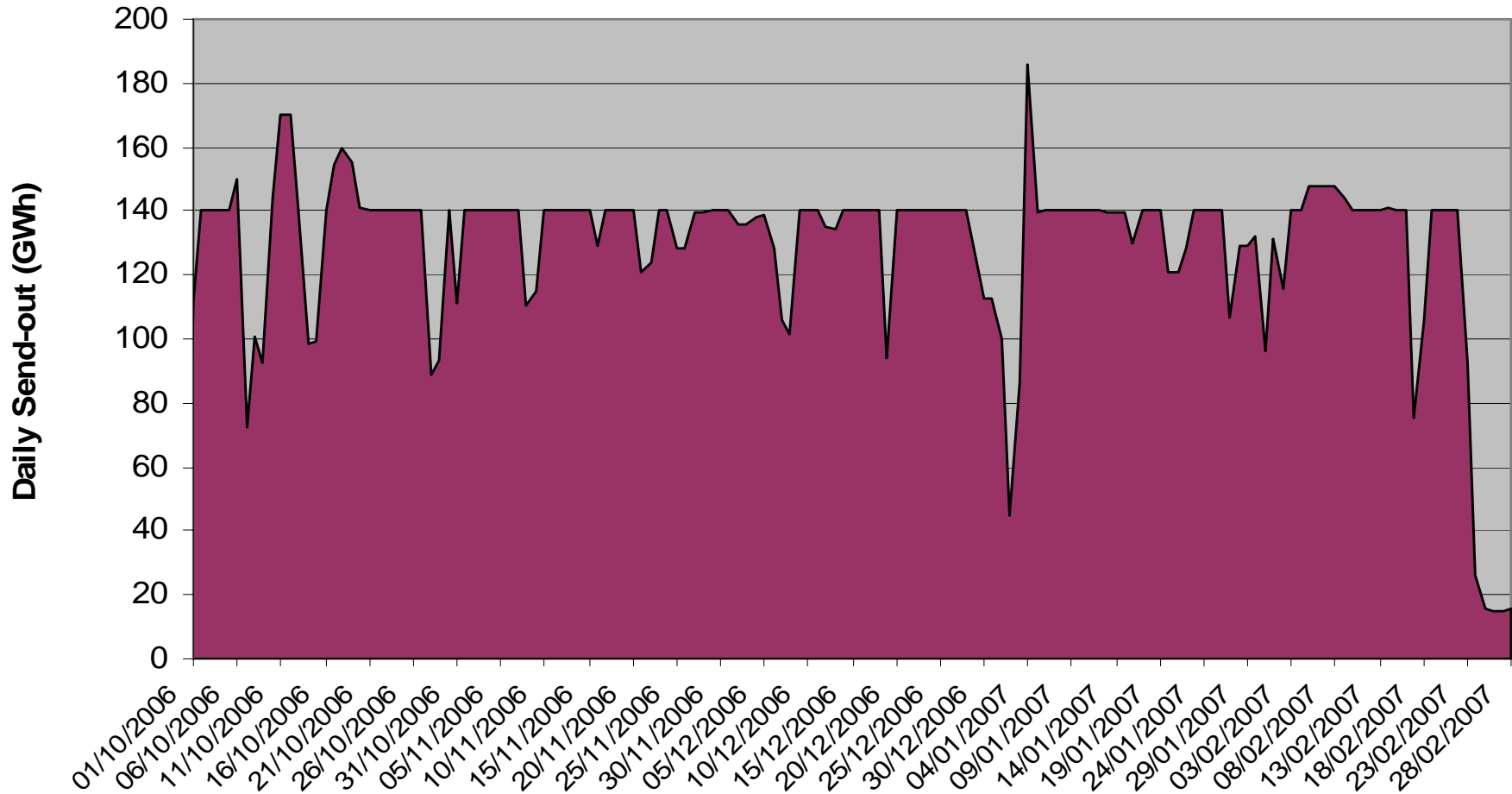
14

5

Site Send-out Data 05-06



Site Send-out Data 06-07



Phase 2 October 2006



Phase 2 at February 2007



Phase 2 expansion project

- ◆ £355m investment
- ◆ Increases Grain LNG capacity to 9.8 mtpa (~12% of current UK gas demand)
- ◆ Increases LNG storage from 200,000 m³ to 770,000 m³
- ◆ 20 year fixed income contract with Sonatrach, GdF and Centrica
- ◆ Principal contractor is CB&I, construction started June 05
- ◆ Up to 800 construction personnel on site in 2006/7
- ◆ Project on schedule for operation by winter 2008

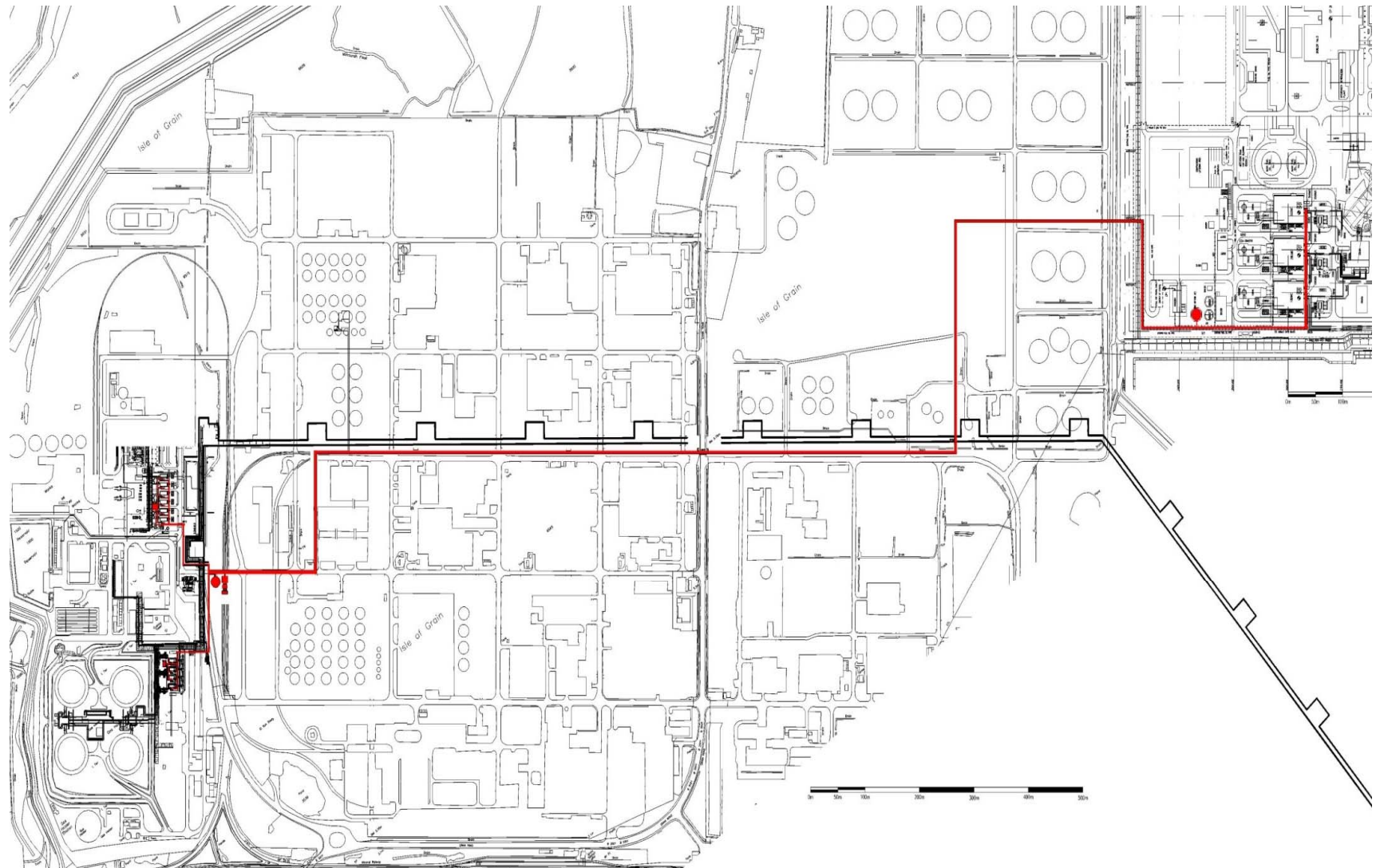
Phase 2 heat pipe agreement reached

- ◆ Contract signing announced last week with E.ON who are developing a 1275MW gas-fired station at Grain
- ◆ The heat pipe will be constructed connecting Grain power station to Grain LNG. The pipe will transport excess heat from the power station returning cooler water
- ◆ This will heat the LNG, for vaporiser use, which is cheaper than burning fuel and is environmentally friendly
- ◆ Planning application March 07
- ◆ Construction 09-09
- ◆ First heat transfer early 2010 (subject to full operation of power station)

Heat pipe is great for the environment

- ◆ Reduce nitrogen oxides emissions
- ◆ Reduce the amount of natural gas used in the vaporisation process up to 169 Million standard m3 per year
- ◆ Reduce Co2 emissions by up to 343,731 tonnes per year

Heat pipe route



Phase 3 capacity auction

- ◆ Size and timing subject to market demand
- ◆ Up to 5 million tonnes of annual capacity offered to market in December 2005
- ◆ If progressed would require:
 - Construction of a second jetty
 - New re-gasification capacity
 - Increased storage capacity
- ◆ Would mean ~ 20% UK gas demand
- ◆ Decision expected by summer 2007



National Grid Grain LNG Limited Launch of Third Open Season Process

National Grid is offering a third tranche of capacity, of up to 5 million tonnes per annum, at the Grain LNG importation terminal. This follows the successful commissioning of the terminal and sale of the first two tranches of capacity.

National Grid would like to enter into agreements with customer(s) for the use of further capacity at the terminal, which is located close to London and the centre of UK gas demand.

Capacity contracts would provide the right to berth LNG carriers and unload LNG into the facility for its temporary storage prior to regasification and delivery of gas into the UK's National Transmission System.

You are invited to apply for the Request for Proposals documents by contacting Phil Carter at phil.carter@uk.ngrid.com or Mark Tunney at mark.tunney@uk.ngrid.com before 18th January 2006.

www.nationalgrid.com/grainlng

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