

Emma King  
Ofgem  
9 Millbank  
London  
SW1P 3GE

wholesale.markets@ofgem.gov.uk

Chris Logue  
Senior Commercial Analyst

chris.logue@uk.ngrid.com  
Direct tel +44 (0)1926 656733  
Direct fax +44 (0)1926 656604

[www.nationalgrid.com](http://www.nationalgrid.com)

01 June 2007

Dear Emma

**Response to Open Letter: Modification Proposal 104 “Storage Information at LNG Importation Facilities”**

With regard to the issues raised in the Ofgem open letter dated 18<sup>th</sup> May we make the following comments and observations.

*Timing of the release of information.*

National Grid NTS had always interpreted the proposal as the data being published with a 10 hour delay and as such the clarification in the open letter does not alter our views towards the proposal or any potential costs of implementation.

*Aggregation of released information*

In its original Impact Assessment Ofgem invited “views regarding the appropriateness of delaying implementation of the proposal until there is more than one LNG importation terminal operational in GB”. National Grid NTS welcomed this idea, and continue to support it, as a pragmatic solution that enabled the proposal to be approved whilst protecting any commercial confidentiality of a single site (e.g. Isle of Grain) with a single customer. In the open letter Ofgem ask a slightly different question regarding the intent behind the proposal. Since this proposal originally had a suggested implementation date of 1<sup>st</sup> October 2006, which is at least 12 months prior to any potential second LNG importation facility, it appears that the proposer intended the “aggregated” data to come from a single site. Notwithstanding this, in the absence of any direction by the Authority, the date of implementation remains a decision for the Transporters to make. Whilst an October 07 implementation date remains a possibility from a systems point of view, National Grid NTS would have a preference for a later implementation date.

For the avoidance of doubt, following a number of queries raised directly with ourselves, in our view the Teesside GasPort facility does not fit into the UNC definition of a LNG Importation Facility and is therefore outside of the scope of this proposal and would not be included within any aggregation.

Finally I would draw your attention to a factual error contained within the Open Letter. National Grid NTS does not contract directly with National Grid Grain LNG for the provision of operating margins gas. We have a gas delivery contract with BP/Sonatrach that we may use for OM and it requires BP/Sonatrach to be able to deliver a predefined amount over a predefined duration each year. BP/Sonatrach delivers sufficient LNG to the Isle of Grain facility to ensure it can meet its contractual obligation to National Grid NTS.

National Grid NTS also has a Network Entry Agreement with National Grid Grain LNG that contains obligations for the provision of stock information to ourselves for the purposes of monitoring that BP/Sonatrach is able to meet its contractual obligation in respect of the gas delivery contract it has with National Grid NTS. I do not believe that this error is material in relation to UNC proposal 104 but want to avoid any potential for confusion or misunderstanding in the future.

If you have any questions in relation to this response please contact me.

Yours sincerely

Chris Logue