



Natasha Ranatunga
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Scotia Gas Networks
St. Lawrence House
Station Approach
Horley, Surrey
RH6 9HJ

Telephone: 07816 222761

Our Reference:

Your Reference:

email: malcolm.burns@sgn.co.uk

Date: 23 September 2011

Dear Natasha,

Consultation on Glenmavis Liquefied Natural Gas facility

SGN welcomes Ofgem's proposal to modify Special Condition C26 of National Grid Gas' (NGG) Gas Transporter Licence to reflect the increased costs of £11.6 m imposed on us.

As noted by Ofgem, the sudden failure of the Glenmavis liquefaction facility has forced us to bring forward plans for an enduring solution for the Scottish Independent Undertakings (SIUs). In the meantime, it is essential that Glenmavis is available to be used as a buffer tank for the 2011/12 storage year in order to secure supply to these vulnerable communities.

We note that Ofgem intends the additional funding to be available for this storage year (2011/12) only, as an enduring solution is expected to be in place by 2012/13. We continue to work towards an enduring solution, and the first phase will be implemented in time for winter 2012/13. The costs for this important first phase of the work, to ensure that we no longer need to rely on the Glenmavis facility, are being incurred within the current price control. We therefore welcome Ofgem's acknowledgement that funding arrangements for the enduring solution should be dealt with under both the existing control and the forthcoming RIIO-GD1 control (when the full, enduring solution will be completed).

The very recent problems at Avonmouth, where liquefaction is not currently possible, have reinforced how essential the buffer stock held at Glenmavis will be for this coming winter.

Yours sincerely,

Malcolm J. Burns
Senior Regulation Manager