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Dear Rachel,

Response to consultation on Glenmavis LNG facility

Thank you for the opportunity to respond to your consultation about using Glenmavis as a buffer tank to serve the Scottish Independent Undertakings (SIUs). This response is on behalf of the National Grid LNG Storage business (NG LNG).

Scotland Gas Networks (SGN) have entered into a one-year commercial contract with NG LNG to provide a buffering service from the Glenmavis LNG Storage facility for the 2011/12 storage year. As indicated in your consultation they have also made a booking for LNG from the Avonmouth LNG storage facility for the 2011/12 storage year.

We support your proposal to provide funding for SGN to cover their additional costs of sourcing LNG from the Avonmouth LNG facility and using the Glenmavis LNG facility as a buffer tank so that they can safely supply the SIUs.

With regard to the enduring supply situation to the SIUs, we understand that SGN have been looking into alternative solutions since the last Gas Distribution price control in 2008 and that they will have an alternative solution in place for winter 2012/13. SGN have indicated to us that they are unlikely to have any requirement for the Glenmavis LNG facility after the current storage year. However, they say that they will still have a reduced requirement for LNG from the Avonmouth LNG storage facility beyond this storage year, which will need to be funded.

Finally, NG LNG also supports your proposal to change the definition of "independent system" to include a reference to LNG as well as LPG.

If you wish to discuss this response please contact myself on the above numbers or Kevin Broadbent on 01926 656027.

Yours sincerely,



Paul Hernaman
Head of Finance, UK LNG
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