

## **Response to Gas Security of supply Significant Code review – Draft policy Decision from Grain LNG**

Grain LNG welcomes the opportunity to comment on the above consultation document. Our comments are specific to Chapter 3 and the Redpoint modelling used for the Impact assessment.

### Chapter 3: Level of security of supply

Grain believes that any infrastructure that improves the potential Security of supply and responsiveness going forward given increasing variability of renewable generation for the UK market should be encouraged, and that any changes to the gas supply system and associated operations should also be seen to be both encouraging security of supply and removing any potential barriers to entry. The Grain LNG terminal has the potential for our customers to deliver up to 20% of UK demand. Any proposed market reform should not put this at risk, and discourage market participants from investing further in future LNG or gas supply projects

With regard to the Redpoint analysis, we have reviewed the impact assessment modelling and have the following comments.

1: Redpoint point out that there is a lack of historic data, however Grain would have been happy to provide data with regard to LNG terminal availability since July 2005 had it been requested.

2: On this basis we believe the assumptions made are not reflective of actual LNG terminals. There will always be planned outages each year which are communicated to both our customers and NGG as the system operator. However in terms of unplanned outages for Grain LNG, since 2005 there have been no outages that have had any significant impact on the availability of the terminal. The terminal is designed with a high level of resilience to ensure we can meet customer needs with a very high level of reliability.

3: The data does refer to the variability in the output of the sources. LNG by its very nature is a flexible energy supply with the ability to divert to higher demand and priced markets is seen as one of the key benefits of the LNG product. This benefit also works to the UK energy markets advantage as it allows additional flow of energy supply to be brought to the market at relatively short notice and from a wide variety of diverse supply sources, and very rapidly for stock already within the terminal. Grain would argue that this flexibility should be seen as a positive advantage to the UK energy market and countering any argument to suggest unreliability of supply source.

Regards

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