

Representation For. 0072

"Gas Allocations at LNG Storage Facilities in the Event of a Network Gas Supply Emergency"
Version 1.0

Date of Communication: 29/12/2005
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Slant: Comments
Strictly Confidential: No

Abstract

Thank you for allowing SGN the opportunity to comment on Mod Proposal 0072.

SGN has a particular concern with regard to the Scottish Independent Undertakings (SIUs) which rely on LNG withdrawals from Glenmavis.

The SIUs are made up of a small number of remote towns which were not close enough to connect to the mains gas system when conversion from towns gas to natural gas took place during the 1970s. They are made up of several thousand, predominantly domestic customers.

In the event that LNG supplies are constrained to the SIUs, several thousand domestic customers would be curtailed from gas supplies as soon as local stocks are utilised. This could be only a matter of a small number of days.

NTS have advised that the NEC would continue to allow gas withdrawals for the SIUs in the event of a storage monitor breach in order to ensure that domestic customers continue to have gas supplies.

The drafting of Mod 0072 does not make it clear that SIUs will continue to be given their full allocation of LNG and will not be curtailed in the same way as other storage users. This is an important point as, whilst the NEC will allow the SIUs to take their full allocation of gas, we need to ensure that the commercial regime can account for this.

It may be possible to deal with this in the legal drafting by specifically excluding the SIUs from the allocations methodology, albeit this will need the support of the Panel and Ofgem.

Unless this is possible then SGN will not support the proposed modification as it does not provide the assurances that we require for the SIU customers. Unless the SIUs are protected then SGN does not believe that the modification will facilitate improved efficient use of the system or improve system safety.

I trust that these comments are of use.

Regards

Steve

Steve Featherstone

Strategic Projects Director