

27 November 2006

Julian Majdanski  
UNC Modifications Secretary  
Joint Office of Gas Transporters  
51 Homer Road  
Solihull  
B91 3LT

Dear Julian

**GAZ DE FRANCE ESS (UK) LTD**

1 City Walk  
Leeds  
LS11 9DX  
United Kingdom

tel: +44 (0)113 306 2000  
fax: +44 (0)113 245 1515

[www.gazdefrance.co.uk](http://www.gazdefrance.co.uk)

REGISTERED IN ENGLAND  
NO. 2706333

### **Uniform Network Code Modification Proposal 0104 – Storage Information at LNG Importation facilities**

Thank you for the opportunity to respond to the above modification proposal. Gaz de France ESS does not support the implementation of modification proposal 0104.

Gaz de France ESS does not agree that this proposal would better facilitate special licence conditions A11.1a “economic and efficient operation of the pipeline system”, there would clearly be no improvement to shippers or transporters ability to forecast demand as quoted in the proposal; supplies of LNG are likely to be reactive to demand and price but these are supply side drivers which is completely separate from demand forecast accuracy.

The proposal suggests that revealing this information will further competition (relevant objective A1.11d) and benefit security of supply as a result of increased information transparency. We do not believe this to be the case; security of supply could be hindered as this proposal relates to only one single LNG importation terminal, imposing additional obligations may discourage gas from reaching the UK market in favour of other competing markets and as such may have a detrimental effect on the supply/demand balance. Supplies of LNG are seen to be a critical component of the expected supply base on high price/demand days and the potential for marginal deliveries, either by long term companies using the terminal or by Use it or Lose it bidders at such times should not be discouraged.

The title of this modification proposal seems to suggest that LNG importation facilities are effectively storage sites and that similar provisions should apply. It is important to note that LNG importation facilities are not classed as storage sites and should not be treated as such. Use it or Lose it provisions at Isle of Grain effectively prohibit storage; deliveries are generally processed and shipped onto the system quickly to enable subsequent cargoes to be accommodated. Also, information on booked cargoes and available berthing slots is readily available to all on the terminal operator website.

The information available on stock levels provided to National Grid NTS at Isle of Grain is voluntary and provision of such relates to legacy Operating Margins Gas agreements. Should these agreements no longer be in place in future, information submission may not be an enduring feature and could be jeopardised. It is not clear that similar information submission will be available at LNG importation facilities yet to be developed where such OM arrangements do not exist, this could result in undue discrimination between shippers.

I trust these comments are helpful, if you have any queries regarding this response please contact me on 0113 306 2104.

Yours sincerely



**Phil Broom**  
**Regulatory Affairs Analyst**  
**Gaz de France ESS**