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Mr. Julian Majdanski
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27 November 2006

Dear Julian,

Re: Modification Proposal 0104: 3rd Party Proposal: Storage Information at LNG Importation Facilities

Thank you for the opportunity to comment on the above modification proposal. Statoil (UK) Ltd (STUK) is not in support of this modification and would like to make the following comments.

STUK believe that UNC modification 0104 is fundamentally flawed with the distinction between LNG storage and LNG importation being confused. LNG importation facilities are designed to receive and re-gasify LNG before it is delivered to the system. Any gas held in the facility is therefore waiting to be delivered in the short term and is not stored for long term deliveries. STUK believes therefore that LNG importation facilities should be classed as 'upstream' entry points and not as storage sites and should not therefore 'seek to meet the minimum requirements of the Guidelines for Good Practise for System Storage Operators' as suggested by the Proposer. National Grid does not include Isle of Grain in the short term storage monitor calculations and does include it under imports for this reason.

LNG is going to become of increased importance to the UK in the coming years as UK reliance on imported supplies increases. STUK believes that this modification gives little clear justification as to the perceived benefits of the modification and little consideration is given to the potential disadvantages and the adverse affects the implementation of this modification could cause such as unduly harming the commercial positions of LNG terminal operators, and making the UK an unattractive investment location for new LNG importation facilities. This together with an incorrect assumption that LNG importation facilities should be



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classed as storage sites makes it difficult to determine whether the proposal better facilitates the relevant objectives.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours sincerely

Shelley Rouse
Statoil (UK) Ltd

*Please note that due to electronic transfer this letter has not been signed.



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