

Julian Majdanski
Modification Panel Secretary
Joint Office of Gas Transporters
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27th November 2006

Dear Julian

Representation for Modification Proposal 104 “Storage Information at LNG Importation Facilities”

Total Gas & Power Limited (Total) does not support this Modification Proposal and would appreciate the following comments being included within the Final Modification Report to Ofgem.

Total considers it fundamentally wrong to equate storage facilities at LNG Importation Facilities as being equivalent to those of other storage facilities and therefore we do not agree with the proposer’s assertion that these facilities should meet the minimum requirements of the Guidelines for Good Practice for System Storage Operators.

Storage facilities in an LNG terminal simply act as a buffer between the delivery of LNG via the tanker and the regasification and subsequent delivery of gas into the pipeline system. We note the conceptual distinction between this type of LNG Import storage and other storage facilities has been recognised both within the EU Gas Directive 2003/55/EC and The Gas Act. Indeed the operation of an LNG Importation Facility depends relative to storage facilities upon a distinctly different range of technical, operating and commercially sensitive parameters, for e.g. the expected arrival of an LNG tanker. To release this partial information in relation to the facility, without putting this information in the correct commercial context, may of itself send inappropriate signals to the market.

We understand this proposal relates to the UNC via the Operating Margins (OM) arrangements at Isle of Grain and the need of NG NTS to confirm that stock levels of OM gas can be made available if required. Since these OM arrangements exist only at Isle of Grain, however, it appears that NG NTS will be unable to comply with the provisions of the modification proposal unless this information is provided to them voluntarily by other LNG importation facilities.

We therefore agree with the view expressed during the proposals development that this proposal may well be discriminatory in its application and may deter Operators of other LNG Import terminals from entering into OM style arrangements with NG NTS. This could be due to concerns regarding commercial confidentiality and the fear of placing themselves in a distressed position relative to other parties within the market. This in turn could have adverse consequences for security of supply and the price of OM gas.

In any event the Use it or Lose it arrangements that apply should ensure that LNG storage over and above OM requirements is regularly recycled and made available to the market. Hence the benefits of making this information available to the market are unclear, especially when compared with the costs associated with the concerns outlined



above.

In summary, we consider that LNG Import storage facilities are fundamentally different to other storage facilities and should not be subject to the same requirements, simply because these facilities have entered into arrangements with the System Operator to provide OM style services. To do so would be discriminatory since NG is only contractually entitled to information from the Isle of Grain facility. This may also create perverse incentives upon other LNG terminal operators not to enter into such arrangements. We further note that substantial 'real-time' information regarding these facilities will be made available to the market as a result of the information provisions of implemented UNC Modification 006. Hence, any merits associated with this proposal are therefore likely to be substantially outweighed by the potential impact upon security of supply and price of OM gas.

Please feel free to contact me on the number below if you wish to discuss our response in more detail.

Yours sincerely,

(This message is sent electronically and is therefore not signed)

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