



John Bradley  
UNC Panel Secretary  
31 Homer Road  
Solihull  
West Midlands  
B91 3LT

12 January 2009

Dear John

**EDF Energy Response to UNC Modification Proposal 0237: “Disposal of Dynevor Arms Storage Facility”.**

EDF Energy welcomes the opportunity to respond to this consultation. We support implementation of this modification proposal.

We would note that this proposal is designed to facilitate the sale of the Dynevor Arms LNG storage facility, however, given that there has not been a formal consultation on this matter it is difficult to assess the benefits. We also believe that this modification is pre-empting the outcome of this consultation as Ofgem has to formally consent to the sale. We would also note that the announcement of the sale has compromised Shippers with Gas in store who now have to withdraw their gas by the end of the current storage year, especially for those shippers with more than 1 year storage contracts. We therefore believe that it would have been beneficial to run this consultation in parallel with the consultation on the sale of the Dynevor Arms facility in order to inform responses.

On this basis any comments we provide within this consultation should not be deemed to infer our support, or otherwise for the sale of the Dynevor Arms facility. We would further note that our support for this modification proposal is dependent on this proposal not having any impact on any of the contracts held with NGG LNG. In relation to the particular issues raised in the modification proposal we would make the following comments:

**2. Extent to which implementation of the proposed modification would better facilitate the relevant objectives**

**Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee’s obligations under this licence;**

It is not clear from the modification proposal which Licence Condition NGG believes that this modification proposal will facilitate. It is therefore not clear whether this proposal will facilitate any licence objective, and we would request clarity from NGG which Licence objective they believe it will facilitate. The consultation of the removal of this facility from NGG’s regulatory asset base will define the financial and operational impacts on the NTS as we would foresee a change in the revenues and costs of booking LNG storage going forward.

**Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant Shippers...**

We would note that NGG LNG already offer capacity for sale to the market, and selling this facility to a third party will not increase the volume of capacity that is made available. Conversely any purchaser of Dynevor Arms may not make the capacity available, and so sale of this facility could potentially have a negative impact on the volume of capacity available and so competition in this market. It would therefore appear that at best this proposal will have a neutral impact on this condition, and at worst would have a detrimental impact.

I hope you find these comments useful, however please contact my colleague Stefan Leedham ([Stefan.leedham@edfenergy.com](mailto:Stefan.leedham@edfenergy.com), 0203 126 2312) if you wish to discuss this response further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Seb Eyre".

Dr. Sebastian Eyre  
Energy Regulation, Energy Branch