

Mr John Bradley

Joint Office of Gas Transporters
Ground Floor Red
51 Homer Rd
Solihull
B91 3QJ

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Adam Sims
Gas Codes Development
Transmission Commercial

01926 655292
adam.sims@uk.ngrid.com

www.nationalgrid.com

**UNC Modification Proposal 0237 –
“Disposal of Dynevor Arms LNG Storage Facility”**

Dear John,

Thank you for your invitation seeking representation with respect to the above Modification Proposal. National Grid NTS, as proposer of the modification, supports implementation on the basis that it better facilitates the relevant objectives as discussed below.

Standard Special Condition A11.1 (c): the efficient discharge of the licensee's obligations under this licence;

National Grid NTS believes that implementation would better facilitate this objective by allowing determination of the market value of the Dynevor Arms facility. This will identify the most economic solution for the future of the site which is in line with the licence obligation to operate and maintain assets in the most economic and efficient manner.

Standard Special Condition A11.1 (d): the securing of effective competition:

(i) between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

The potential transfer of ownership of the Dynevor Arms facility from National Grid LNG to a third party storage operator could reasonably be expected to increase competition for storage services, and therefore National Grid NTS believes that implementation would better facilitate this objective.

National Grid NTS acting under its Transmission Operator licence reaffirms that it does not anticipate any future requirement for constrained LNG or locational Operating Margins gas at or near the Dynevor Arms LNG storage site. This change in requirements has arisen as a result of the commissioning of the new pipeline system in South Wales. The new pipeline represents a full duplication of the gas path into South Wales and therefore the risk of demand loss as a result of a single pipeline failure event has been removed. Additionally, the pipeline is sized to transport the large volume of gas that was secured through the QSEC auction process at Milford Haven, and therefore South Wales as a demand centre has

1

overcapacity in the event that Milford Haven is not flowing and demand is supplied from Wormington.

Please let me know if you require any further information to enable preparation of the Final Modification Report.

Yours sincerely,

Adam Sims
Commercial Analyst