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Dear John,

### **Modification Proposal 0237 –Disposal of Dynevor Arms LNG Storage Facility**

Thank you for providing Scottish and Southern Energy plc (SSE) with the opportunity to comment on the above Modification Proposal.

SSE is supportive of proposal 0237.

NGG does not require a locational Operating Margins service nor a constrained LNG storage service from Dynevor Arms and consequently wishes to sell the facility. As a result no NG LNG storage services from Dynevor Arms are being offered after 30 April 2009.

In order to facilitate the sale within the relevant timescales NG LNG storage wish to set to zero the maximum amount of capacity available for sale from Dynevor Arms on a permanent basis.

SSE believes that the proposal will better facilitate the relevant objectives of Standard Special Condition A11.1 (d): so far as is consistent with subparagraphs (a) to (c) the securing of effective competition:

- (i) between relevant shippers;
- (ii) between relevant suppliers;

Implementation would facilitate the disposal of the Dynevor Arms facility to a third party storage operator which, if successful, would increase the extent of competition in the GB gas storage market thereby facilitating competition between shippers.

Please do not hesitate to give me a call if you wish to discuss this further.

Yours sincerely

Jeff Chandler  
Gas Strategy Manager  
Energy Strategy