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Dear David,

National Grid LNG's decision to proceed with the early closure of the Avonmouth liquefaction facility

Thank you for the opportunity to respond to National Grid LNG plc's (NG LNG) announcement that you intend to close your Constrained LNG Avonmouth facility in May 2016.

Whilst this decision is currently subject to a consultation process being undertaken by NG LNG, the purpose of this letter is to record our concerns with the proposed early closure of the Avonmouth facility.

The two areas of concern that SSE have are:

1. The security of supply issues this will create for customers who are connected to the Scottish Independent Undertakings (SIUs) that are owned and operated by SGN under the Scotland Gas Networks plc gas transporters licence.
2. The potential impact that the loss of LNG at Avonmouth will have on Transmission Support Services for NG NTS and any subsequent inability to meet demand in the South West area.

Expanding the first point further, any gas supplied to the SIUs must meet the Gas Safety and Management Regulations (GSMR) for compliant gas. Due to the high Wobbe Index of LNG, any imported source of LNG will need to be made GSMR compliant; we understand this will likely require investment in new ballasting facilities and the trialling of previously untested techniques in GB. We understand that implementing any alternative LNG solution will not be possible before 2017 at the earliest. It is for these technical limitations that the permanent closure of the Avonmouth facility in 2016 creates a security of supply risk for customers connected to the SIUs. As a supplier and shipper to customers in the SIUs we feel this is an important issue which will need to be considered further.

The second issue concerns the interests in power stations that SSE has in the South West. NG NTS has always stated that the South West is a constrained area of the network. Therefore, to close the Avonmouth facility will presumably make this worse. We note on page 120 of the 2014 Gas Ten Year Statement that "...sensitivities beyond FES, but within capacity obligations, show a shortfall in capability". We are therefore concerned that in some



circumstances the network may be unable to meet customers' requirements. NG NTS have stated that they will monitor future events before considering future pipeline investment in the area. SSE will monitor events too and would expect capacity buy back to be exercised during difficult periods rather than declaration of Force Majeure.

Should you wish to discuss any points raised in this response please do not hesitate to contact me.

Yours sincerely

Jeff Chandler
Head of Gas Strategy
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