



National Grid completes review of its UK Liquefied Natural Gas Storage business

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- ✦ Business as usual for Glenmavis and Avonmouth sites, but long term contract offerings to be developed
- ✦ Reduced capacity at Partington from 1 May 2009; customers to be consulted on long term capacity requirements at the site during 2009
- ✦ Dynevor Arms site to be offered for sale due to changing system background

National Grid has today (Tuesday 4 November) announced the outcome of a review of its UK Liquefied Natural Gas (LNG) Storage business (not to be confused with the Grain LNG importation terminal) which provides a very small proportion of Britain's gas storage but offers a specialist service allowing the rapid withdrawal of gas from four storage terminals around the country. The business contributed £12m to National Grid's operating profit last year, less than 0.5%.

Capacity at the sites is offered to the energy market by auction, typically for meeting peaks in gas demand, and is also booked by National Grid as System Operator to store "Operating Margins" - gas used to maintain pressures in the transmission system during incidents such as unexpected changes in demand, offshore supply failures or faults on the onshore network.

National Grid's review looked at the role for each of the sites against the background of the significant changes currently happening in the flows of gas around the network, especially with the commissioning of new importation facilities, and proposes:

- ✦ **Glenmavis** (in Scotland) and **Avonmouth** (in the South West of England). In view of the likely continuing requirement for Operating Margins and other system support services at these facilities, it will remain business as usual for the sites. National Grid will develop a long-term capacity offering, expected to be made in summer 2009, to secure the investments needed to maintain the operational capability of the facilities to meet customers' requirements.
- ✦ **Partington** (in the North West of England). Two of the four tanks at the facility will need to be emptied at the end of this storage year, 30 April 2009, for maintenance work. As the liquefaction plant at the facility is now reaching the end of its life, National Grid proposes not to refill the two emptied tanks and will instead focus on the continued provision of a robust "Operating Margins" service and a more resilient service to its other customers from the remaining two tanks. This will allow National Grid to test the market in 2009 to establish customers' requirements for long-term capacity at the facility and determine the right investments required to deliver a reliable service for the coming decades.
- ✦ **Dynevor Arms** (in South Wales). The Dynevor Arms facility was once at the extremity of the gas transmission network, but this has changed with the construction of the South Hook and Dragon LNG terminals and the commissioning of the Milford Haven pipeline. Against this background, and following confirmation that there will not be an Operating Margins requirement at Dynevor Arms going forward, National Grid plans to offer the facility for sale. The sale process is expected to commence in mid November and conclude by the end of the first quarter of 2009.

Commenting on the review, National Grid's Director of UK LNG, Peter Boreham, said, "Our LNG Storage business offers a valuable service to the energy market, but all the changes to Britain's gas infrastructure meant now was the right time to review the role of each of our sites."

"The transformed infrastructure in South Wales means that Dynevor Arms is unlikely to perform the same role in the market going forward. While the facility does not now meet our business model, another owner could value it differently and so we are offering the site for sale."

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Notes to Editors:

National Grid

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National Grid owns the high-voltage electricity transmission network in England and Wales and operates the system across Great Britain. It also owns and operates the high pressure gas transmission system in Britain and its distribution business delivers gas to 11 million homes and businesses.

National Grid also operates the National Gas Emergency Service freephone line 0800 111 999*.
*All calls are recorded and may be monitored.