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Dear John

**Modification Proposal: 0237 - Disposal of Dynevor Arms LNG Facility**

Thank you for providing Scotia Gas Networks (SGN) with the opportunity to respond to Modification Proposal 0237. SGN is not supportive of this Modification Proposal.

National Grid's Modification Proposal seeks to amend the UNC to facilitate the orderly disposal of the Dynevor Arms LNG facility to a potential third party provider by removing references to Dynevor LNG facility as a defined National Grid LNG Storage Facility (TPD R 1.7.1), removing the reference to Dynevor as a Constrained Storage Facility (TPD R 4.1.1) and reducing the Storage Capacity at Dynevor to zero (new paragraph Z 2.1.6).

SGN currently operate four Liquefied Natural Gas networks at sites in Thurso, Wick, Campbell Town and Oban which serve a total of 6653 end users, both domestic and I&C customers. LNG is delivered by road tanker to each of these locations and then stored at high pressure and subsequently vaporised to be used within both medium and low pressure networks. The four LNG networks are referred to as the Scottish Independent Networks (SINs) with reference to UNC section (TPD) A1.7.1.

To facilitate the provision of LNG to SGN's SINs an agreement has been entered into with National Grid to provide LNG tanker filling slots at both Glenmavis and Dynevor National Grid LNG Storage Facilities in accordance with UNC TPD sections R 1.10 and Z 2.9.4. Within the Tanker Filling Agreement both Glenmavis and Dynevor LNG Storage Facilities are specified as Tanker Loading Facilities and are available to SGN where Storage Capacity is held. Modification proposal 0237 introduces a new paragraph into section Z (2.1.6) which reduces the Maximum Storage Capacity at Dynevor Arms LNG Facility to zero which will have the consequent effect of removing SGN's ability to utilise this LNG Facility under the Tanker Filling Agreement.

Although SGN utilises the Glenmavis LNG Facility on a regular basis for its tanker filling requirements there are occasions when access to an alternative LNG Facility is required to ensure gas delivered to SGN's SINs remains within gas compliant limits set out in Part 1, Schedule 3 of

the Gas Safety (Management) Regulations 1996 (GSMR). These situations occur where LNG provided at Glenmavis for off take:

- Does not remain within the Wobbe range of 47.20 MJ/SCM to 51.20 MJ/SCM.
- Exceeds the Incomplete Combustion Factor of 0.38.
- Exceeds the Sooting Index of 0.55.

Where these limits are exceeded SGN enters an Emergency Envelope period which should only be maintained for very short periods of time with every effort being made to return to normal operations as soon as possible. An alternative LNG Facility is also required when there is general unavailability at Glenmavis LNG Facility. Currently, National Grid offers an alternative LNG Storage Facility when non GSMR compliant LNG is present at the Glenmavis LNG Storage Facility. This allows SGN to maintain GSMR compliant LNG deliveries to its SINs. The removal of Dynevor Arms LNG Storage Facility combined with the lack of an alternate LNG Storage Facility named within the Tanker Filling Agreement leaves SGN exposed to the risk that it may not be able to fulfil its security of supply obligations.

SGN has entered into contractual discussions with National Grid to amend SGN's Tanker Filling Agreement to allow compliance with UNC section Z2.9.4. As this discussion has not, as yet concluded formally SGN can not at this present time offer support to Modification 0237. At the point discussions with National Grid conclude successfully SGN would consider supporting Modification 0237.

SGN believes that the proposal at this present time will not better facilitate the following relevant objective:-

**Standard Special Condition A11 (1) (a) the efficient and economic operation of the pipe-line system to which this licence relates.**

SGN believe the removal of Dynevor Arms LNG Storage Facility will result in a degradation of the security of supply standards for its Scottish Independent Network end users and this may require increased investment to remove this risk.

SGN further notes with reference to National Grid's Modification Proposal 0237 that it is the position of NG that there will be no impact on security of supply or the operation of the Total System with the implementation of this Modification Proposal as National Grid NTS does not forecast any future requirement for constrained storage at this facility<sup>1</sup>. SGN is not aware of any consultation exercise instigated by National Grid which requested whether or not SGN would have a future storage requirement at Dynevor Arms LNG Facility.

We hope you find these comments helpful.

Yours sincerely

Joel Martin

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<sup>1</sup> UNC MOD 0237, section 3 "The Implications of implementing this Modification proposal on security of supply, operation of the Total System and industry fragmentation".