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Dear John,

UNISON RESPONSE TO UNC MODIFICATION PROPOSAL 0237: "DISPOSAL OF DYNEVOR ARMS STORAGE FACILITY".

National Grid has announced its plans to sell the Dynevor Arms LNG facility in South Wales. The sale process is currently underway and we are informed that this process should be concluded by April. We are further informed that, if no buyer can be found then it is the intention of National Grid to close the facility.

One of the main reasons cited for this action is that Wales is now served by the two West Wales LNG facilities (South Hook and Dragon) and therefore the Dynevor Arms facility is no longer strategically required.

It is our belief, that the selling or shutting of this facility is a premature action in relation to the fact that the West Wales LNG facilities are not yet fully commissioned and have yet to prove that they can deliver the capacity that was cited as the reason for the selling or shutting of the Dynevor arms site. The company (NG) have already embarked on a policy of emptying the Dynevor facility and have been utilising Dynevor as a lead site for exporting which has resulted in the site now (at the time of writing) only holding a third of its stocks.

If we were to experience a one in twenty winter and combine this with the West Wales LNG facilities being unable to deliver then this could leave the gas infrastructure in Wales extremely vulnerable. Issues such as the recent European gas supply problems would only compound any supply shortfalls. The issues in Russia have highlighted the fact that Britain reportedly appears to only have some 15 days storage which is way below most of our European neighbours.

The Dynevor site has acted as a back up to other LNG sites when they have experienced operational difficulties, not only by picking up other sites shipper nominations but also by topping up sites via LNG tankering. Given the age of the current LNG sites and uncertainties over future investment, there will almost certainly be a requirement for Dynevor to continue to provide such a backup and its removal from the group or closure would severely limit NGs ability to have the inbuilt flexibility that has been called upon in the past to aid other LNG sites that experienced operational difficulties when trying to meet their commercial obligations.

Although OFGEM have stated that they wish to see greater competition in the industry, there has been no robust guidance on how this is to be best achieved and we are not aware of any criteria laid out by OFGEM or NG in reference to the sale process that will guarantee greater competition. In fact there appears to be no model in place to follow or any detailed strategy on what form this competition will take. Unless the competition model is clearly established prior to the Dynevor sale, then this will be a great opportunity missed. We must also remember that if no buyer is forthcoming, then it is the stated intention of National Grid to close the facility and if this was the case then it is difficult to see how it could be argued that this would benefit or facilitate the introduction of competition.

With regard to the effect on safety. The Dynevor site is over 20 years old and has an exemplary safety record to date. This record is due in no small part to the climate in which the site occupier and all staff have viewed safety as the overriding consideration above all else. The aging plant has been run at near full capacity for the last two years and (possibly due to the fact that it was not built to be to meet the commercial pressures it is now facing) has become somewhat less reliable as a result.

At present, potential large commercial penalties can be, and have been, offset by transferring shipper nominations to one of National Grid's sister plants whilst Dynevor can be shut down and made safe.

If Dynevor is utilised as a stand alone storage site, this flexibility will be compromised and huge commercial pressures (in terms of failing to meet shipper nominations) will be brought to bear on the personnel running the plant. It is our sincere belief that this could lead to major plant failure in the event that commercial considerations as well as staff employment insecurities have a bearing on operational safety.

National Grid has stated that they have informed the Welsh Assembly of their decision to sell or close the Dynevor site and we are unaware of any response from the Assembly in relation to this decision. Also we are not aware of any response from OFGEM to this announcement or from the numerous committees including Europe that decide gas strategy issues.

We would be grateful if consideration is given to the suggestion that the sale or closure of the site is a premature action in the short term and that the implications of these proposals need more debate in order to best serve the interests of all parties. We would also seek assurances that this issue has been sufficiently debated by all interested parties in order that no doubt remains that the gas network would not be vulnerable, especially in the short term.

Yours sincerely,



MIKE JERAM
National Secretary