

ERGEG
By e-mail

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RE: Draft Guidelines for Good Third Party Access for LNG System Operators (GGPLNG)

Dear Sir / Madam,

I write as the owner and operator of the Grain LNG importation facility situated in the UK, the first of the commissioned LNG facilities in the UK that has been operational since July 2005. We welcome ERGEGs consultation on the guidelines for third party access and even though they are not designed for application at exempt facilities, such as Grain LNG, we can see a number of areas where operating to the guidelines is possible, however we believe that any compliance with the guidelines could only be on a voluntary basis.

Grain LNG has input to the process co-ordinated by GLE that has generated a composite response for all members of that body however given the exempt nature of the Grain LNG facility we believe it is worth highlighting our specific views so that these can be taken into account by you when assessing the responses to the consultation process and the final published guidelines.

One of the main points that has become clear in reviewing the consultation document is the extent to which, even though Grain LNG is an exempt facility, we already comply with the guidelines. This is notable in the way in which we exchange information with the users of the facility, the publication of information on terminal performance, the flexibility available to users on use of the facility and the way in which we exchange information with potential users on available capacity and the capacity mechanisms in place. We see these issues, amongst other high level goals, as the main areas for the GGP to concentrate on so that upstream and downstream markets can develop with a good degree of information rather than trying to be prescriptive on the process and procedure of how capacity is made available at a widely varying group of facilities that have developed over a significant time to meet the demands of users and downstream markets.

There are a number of areas where the guidelines would directly conflict with the commercial and contractual frameworks of the Grain LNG facility and the downstream market based on the operation of the Uniform Network Code. These are largely around the reasonable endeavours to introduce compatible timings and procedures for any interconnected system operators particularly with regard to entry capacity provision, the need to avoid separately confirm the gas flow nomination to the terminal and the transporter, utilisation of vessel vetting/inspection information compiled by other organisations and the requirement for and cost recovery of gas conditioning/blending equipment.

Whilst there is no declared intention to utilise the GGP at exempt terminals it is clear to us that at some level the guidelines could be applied across all terminals. However, as confirmed in the GLE

response we believe the GGP should not be used in the criteria for exemption applications or in assessing compliance with exemptions already in place.

Grain LNG welcomes the opportunity to comment on the GGP and hopes that ERGEG finds the above comments useful in the consultation process and in establishing the final guidelines.

Yours sincerely,

Sent by e-mail

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