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Dear Colleague

### **LNG Storage Services for Storage Year 2014/15**

I am pleased to enclose details of our 2014 Annual Storage Invitation (ASI) covering National Grid LNG Storage services for the Storage Year 2014/15.

#### **Overview of services for 2014/15**

In line with last year's auction process we are pleased to confirm that we will be offering the suite of storage and tanker filling services from our Avonmouth facility in 2014/15, subject to final pre-emption rights of regulated transporters and storage volumes.

The indicative quantities of storage capacity available for purchase in the forthcoming Storage Year are set out in Appendix 1 of the ASI. At the end of the winter withdrawal season when regulated customers' stocks are more certain, an updated final version of Appendix 1 confirming the amounts of capacity to be made available will be published on the 25<sup>th</sup> March 2014.

We recognise the level of storage services available in 14/15 is materially different to that made available last year, and this is likely to impact your business. This is due to a number of circumstances including changes to the regulated bookings, a reduction in our own stocks due to the injection outages last year, and a safety constraint imposed on the tank levels pending further investigation. Whilst this reduces the extent of capacity available to market, against a backdrop of aging assets and unprecedented maintenance, we believe this offers a fair balance between the risk of honouring capacity and refunding services. We will of course, subject to plant operations, seek to release additional capacity should this be viable in the coming months.

#### **Auction Structure and Prices**

For 2014/15 we continue to invite applications for storage capacity at our Avonmouth facility by way of a two stage, pay as bid auction process. In line with previous arrangements, 50% of the available storage capacity will be offered for sale in stage one with the remaining 50% being made available in stage two. Stages one and two of the auction will be held on the 1<sup>st</sup> and 8<sup>th</sup> April 2014 respectively.

I strongly urge all interested parties to contact us to see how we may best support you in this process, and if you would like someone to visit you to discuss our services in more detail, please contact either myself on 01926 653438 or Nicola Hill on 01634 273217 (Nicola.hill@nationalgrid.com).

Yours sincerely,

**David Mitchell**

**UK LNG Customer Service & Business Strategy Manager**

Enc: 2014 Annual Storage Invitation