



HOUSE OF COMMONS

LONDON SW1A 0AA

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Consultation on Avonmouth LNG Storage Facility

I write as the Member of Parliament for Caithness, Sutherland and Easter Ross which constituency houses two – Wick and Thurso - of the four Scottish Independent Undertakings (SIUs) that are presently supplied with liquefied natural gas (LNG) sourced from your facility at Avonmouth. In the knowledge that Avonmouth would be closing in April, 2018 I met last year with the Managing Director of Scotland Gas Networks to discuss their plans to maintain the security of their future energy supplies to Wick and Thurso.

Given the April, 2018 timeline, Scotland Gas Networks concluded that the best way forward would be to use other commercial sources of LNG, including the Isle of Grain facility, the Zeebrugge Terminal and the Gate Terminal Rotterdam. The challenge with these sources is that the gas they hold does not comply with the gas quality specification contained within the Gas Safety (Management) Regulations 1996. The Company took a decision to invest in nitrogen ballasting plants on each of the four SIUs, the proposal being to add nitrogen to the gas stream and thereby bring the gas being supplied to customers connected to their network back within the permitted specification. While ballasting plants are used regularly at large scale terminals, they have never before been deployed at a small-scale site like the SIUs. A delivery programme was therefore developed to minimise the risks to their operations and customer supplies by deploying a pilot plant in Wick, the intention being eventually to roll out any learning and development of the Wick pilot to the other three sites. This clearly required time and the Company was utilising the four years available to deliver the programme.

The accelerated closure of Avonmouth from 2018 to 2016 leaves insufficient time for ballasting to be developed across four sites. It is hoped that the Wick pilot will be running by the end of this year but the Company cannot commit to delivering a reliable ballasting solution before Avonmouth closes.

Alongside the Wick project, Scotland Gas Networks have been carrying out in Oban an Ofgem funded innovation project – Opening up the Gas Market project - to test whether the limits of GS(M)R can be expanded. The intention of this project was to use the discrete Oban network to test a wider gas specification which could reduce gas processing costs and potentially open up the network to a more diverse range of gas sources. This project requires a short-term exemption from GS(M)R to allow the one year trial phase to be completed. The detailed testing of appliances is underway in Oban and while I understand that initial results have been positive the work to formalise the data and submit an exemption application has not yet been completed.

I am led to believe that the HSE has been involved in this process and is supportive of it so discussions have begun on whether this exemption route could offer an opportunity for the remaining SIU's to go down a similar route.

Until Scotland Gas Networks has a clearer indication of which option could offer a secure future energy supply for the SIUs I would urge strongly that there be no precipitate action to close the Avonmouth LNG Storage Facility before April, 2018.