

MEDIA INFORMATION

16th September 2004

PLANNING PERMISSION GRANTED FOR EXPANSION AT ISLE OF GRAIN LNG IMPORTATION TERMINAL

Grain LNG Ltd, a subsidiary of National Grid Transco plc (NGT), has been granted planning permission by Medway Council to expand the Isle of Grain Liquefied Natural Gas (LNG) importation terminal, to process a total of 10.5 million tonnes of LNG per annum, equating to some 12 per cent of the UK's annual gas demand.

The conversion of the existing facility into an importation terminal is scheduled for commissioning in first quarter 2005 and initially will be capable of processing 3.3 million tonnes of LNG per year. The planning approval will allow the terminal to increase capacity by a further 7.2 million tonnes, subject to market demand, and could be made available as early as winter 2007/8.

The planning permission includes the construction of three new LNG storage tanks, each with a capacity of 190,000 cubic metres, and associated works. This would create a total storage capacity of 770,000 cubic metres of LNG.

Project Director, Grain LNG Ltd, Mathew Rose, said; "This planning permission allows us to triple throughput capacity at the terminal. The actual amount built will be dependent upon customers' requirements. We are currently holding Grain's second Open Season process and formal interest has been very strong.

"The Isle of Grain is a very attractive prospect for LNG importers given the infrastructure currently under construction and its advantageous location. It will be the first of the new LNG import terminals and it is located on the River Medway, 20 miles east of central London, making it close to the centre of UK gas demand.

"We are looking forward to working with LNG customers and the local community to develop our facilities at Grain and contributing to the diversity of gas supply to the UK."

The original planning permission to convert the site into an LNG importation terminal was granted in April 2003. The near complete conversion phase involves the construction of a new deep-water jetty on the River Medway estuary, enabling purpose built LNG ships with LNG capacities of up to 205,000m³ to dock. The project also requires the installation of new boil-off gas compressors, high efficiency vaporisers and a 4.5km cryogenic pipeline to transport LNG from the ships to the tanks, as well as converting the four existing LNG storage tanks for importation from LNG ships.

Media enquiries to Christine Riches on 01306 748596 / 07785 508661.

Notes to Editors

- Grain LNG Ltd, which is a wholly owned subsidiary of National Grid Transco plc, will own and operate the terminal
- The existing facilities, constructed in 1982, already contain LNG storage capable of taking approximately 200,000 cubic metres of LNG, a regasification plant, and gas vaporisation and liquefaction facilities
- The first contract for the use of Grain LNG's capacity, signed last October with BP/Sonatrach, is for the import of up to 3.3 million tonnes of LNG per annum over 20 years. This equates to an additional 12 million cubic metres of gas entering the National Transmission System every day or around 4.4 billion cubic metres per annum.
- The terminal offers LNG shippers the right to berth and unload LNG tankers and store LNG in the terminal, prior to regasification and nomination of gas for delivery into the UK's National Transmission System. A process to sell the additional capacity is currently underway and is expected to be completed by the end of first quarter 2005.
- Britain's gas demand is projected to increase by at least 15 per cent in the next ten years. As production from North Sea gas fields declines, dependence on gas imports is forecast to approach 50 per cent by 2010.
- As UK offshore production declines, Government and industry forecasts recognise the need to secure long-term gas imports. LNG imports will also add to the diversity of gas supply and enable gas to be released into the system quickly to meet demand requirements.
- LNG is natural gas liquefied by refrigeration to a temperature of -160°C , a process that reduces its volume to 1/600th of that at normal temperature, and enables bulk transportation by tanker.

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