

21/06/04

## PROPOSED EXPANSION - GRAIN LNG TERMINAL

Grain LNG Ltd – a wholly owned subsidiary of National Grid Transco (NGT) - has commenced the sale of additional capacity, of up to 7.2 million tonnes per annum, at its new Isle of Grain Liquefied Natural Gas (LNG) importation terminal.

All LNG shippers can bid for the right to berth and unload LNG tankers and store LNG in the terminal, prior to re-gassification and nomination of gas for delivery into the UK's National Transmission System.

The Grain terminal is scheduled to be commissioned in the first quarter of 2005 and already has a 20-year contract agreed with BP and Sonatrach for its initial capacity of 3.3 million tonnes per annum.

Planning permission has been submitted to further develop the terminal and potentially treble capacity to a total of 10.5 million tonnes per annum, equating to some 12 per cent of the UK's annual gas demand. This additional 7.2 million tonnes per annum capacity could be made available as early as winter 2007/8, subject to planning approval and exemption from the RTPA requirements of the Second EU Gas Directive.

Grain will be the first of the new LNG import terminals, constructed to contribute flexibly to Britain's growing dependence on a diversity of gas import schemes. Located on the River Medway, 20 miles east of central London, it is close to the heart of the gas market and some important gas-fired power stations. It will be a high quality facility with considerable capacity to provide a new source of gas to homes and industry in the UK and South-East.

Shippers interested in the Open Season sale process are invited to apply to Phil Carter ([phil.carter@ngtuk.com](mailto:phil.carter@ngtuk.com)) or Mark Tunney ([mark.tunney@ngtuk.com](mailto:mark.tunney@ngtuk.com)) for the Request for Proposals documents by Friday 2 July 2004.

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**Notes to Editors:**

- The existing facilities at the Isle of Grain were constructed in 1982. In April 2003 planning permission was granted by Medway Council to convert the site into a LNG importation facility. Grain LNG Ltd, which is a subsidiary of National Grid Transco plc, will own and operate the terminal.
- The first contract for the use of Grain LNG's capacity, signed last October with BP and Sonatrach, is for the import of 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.
- 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  $-160^{\circ}\text{C}$ , a process that reduces its volume to 1/600th of that at normal temperature, and enables bulk transportation by tanker.