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## Grain LNG terminal marks record month in December

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11 Jan 2019

Grain leads the way in NW Europe

- Grain LNG terminal marks record month in December
- UK proving to be strong market for LNG sellers this winter
- During 2018 26mt additional production hit the market

Last month Grain LNG Terminal sent out more gas than any other terminal in North West Europe.

Market conditions, a robust NBP price and anticipated lower variable costs, led to a record performance for December 2018. This is a stark contrast to December 2017, when the terminal only delivered gas above minimum send out on two occasions.

This winter, the UK has proved to be a strong market for LNG sellers looking to home excess LNG resulting from various supply projects coming on line.

During 2018 a total of 26mt of additional LNG production hit the market and shipping charter rates reached a record high. These two factors resulted in traders delivering more LNG than expected to Europe as the differential available between European and Asian prices did not justify the additional shipping costs.

The gas price in the UK remained steadfast and as utilisation at the Grain terminal rose it is expected that variable costs on a per unit basis would have decreased significantly as the terminal typically operates more efficiently at higher send out as per the design basis.

In addition, processing costs in the UK, where nitrogen is often added to the LNG to meet UK gas specification requirement, are to some extent fixed. Higher utilisation therefore translates into lower per unit costs and potentially higher profits.

Simon Culkin, Import Terminal Manager said: "We are delighted to see such high utilisation at our terminal and proud of our consistent performance and ability to deliver our customer nominations after a long period of low activity."

Other UK terminals have also seen increased activity, with South Hook accepting their first ever cargo from the US.

Grain LNG is currently the only UK terminal in the UK which is capable of accepting the full range of global LNG due to its extensive nitrogen processing plant. The UK has a more stringent Wobbe limit than most of Europe but plans are underway to relax this, which should lead to a significant reduction in costs as well as ensuring LNG is able to enter any of the UK terminals.

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Notes for editors

#### **Notes to Editors:**

National Grid is pivotal to the energy systems in the UK and the north eastern United States. We aim to serve customers well and efficiently, supporting the communities in which we operate and making possible the energy systems of the future.

#### **National Grid in the UK:**

- We own and operate the electricity transmission network in England and Wales, with day-to-day responsibility for balancing supply and demand. We also operate, but do not own, the Scottish networks. Our networks comprise approximately 7,200 kilometres (4,474 miles) of overhead line, 1,500 kilometres (932 miles) of underground cable and 342 substations.
- We own and operate the gas National Transmission System in Great Britain, with day-to-day responsibility for balancing supply and demand. Our network comprises approximately 7,660 kilometres (4,760 miles) of high-pressure pipe and 618 above-ground installations.
- As Great Britain's System Operator (SO) we make sure gas and electricity is transported safely and efficiently from where it is produced to where it is consumed. From April 2019, Electricity System Operator (ESO) is a new standalone business within National Grid, legally separate from all other parts of the National Grid Group. This will provide the right environment to deliver a balanced and impartial ESO that can realise real benefits for consumers as we transition to a more decentralised, decarbonised electricity system.
- Other UK activities mainly relate to businesses operating in competitive markets outside of our core regulated businesses; including interconnectors, gas metering activities and a liquefied natural gas (LNG) importation terminal – all of which are now part of National Grid Ventures. National Grid Property is responsible for the management, clean-up and disposal of surplus sites in the UK. Most of these are former gas works.

Find out more about the energy challenge and how National Grid is helping find solutions to some of the challenges we face at <https://www.nationalgrid.com/group/news>

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