



17 November 2009

Paul O'Donovan
Head of Transmission Policy
Ofgem
9 Millbank
London SW1P 3GE

Dear Paul

Wingas Storage UK Limited's (WSUK) response to "User Commitment for National Transmission System Quarterly System Entry Capacity: Initial Impact Assessment on modification proposal."

This is WSUK's response to the above consultation. We are members of the Gas Storage Operators Group. The Group intends to submit a common response and we associate ourselves with that. We do, however, want to present our individual position also.

As I am sure you will know WSUK is seeking to convert the depleted gas reservoir at Saltfleetby, Lincolnshire, to a gas storage facility. We have been working on the project for a number of years and have already spent a significant amount of money to prepare ourselves for a Public Inquiry that starts on 1 December.

The hurdles to be surmounted to realise any significant infrastructure project in the UK are numerous and expensive. Whatever the size of the development company (and we accept that smaller companies are likely to face greater difficulty) it will have investment criteria to meet in respect of potential projects and will, at any time, have a number of competing projects. In such an environment, unnecessary additional costs are unwelcome and although it might be tempting to say "It's only another £X" there comes a point when the costs just don't stack up and funding is awarded to another opportunity, quite possibly outside the UK.

Our concern is one we have expressed before in the context of substitution. Adding to the financial commitment and risk of a developer at a time before all required consents are obtained is not a way to encourage storage projects that are seen as an essential strategic requirement for the UK although the investment is all from private capital. We would suggest that the current proposal is likely to yield modest benefits in comparison with the advantages to the UK of significantly more gas storage capacity.

Yours sincerely

A handwritten signature in black ink that reads "Fraser Ashman".

Fraser Ashman
Company Secretary