Our Ref: C15

18th February 2014

The Rt. Hon Edward Davey
Department for Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

Dear Secretary of State

Halite proposals represent a welcome investment in Lancashire, which could create local jobs and generate wealth in the local economy.

Subject to conclusive evidence that the Halite proposals are either unsafe or will cause irreparable damage to the local environment, we are writing in support of the plans by Halite Energy Group to build and run the UK’s largest on-shore domestic gas storage facility on the Wyre Peninsula in Lancashire. We believe that the development would be an important step in meeting the UK’s future energy needs while also providing a major economic boost to the local and national economy.

The Government has identified the need for increased gas storage in its National Energy Policy Statement, which received royal assent in Parliament last year. The House of Commons Energy and Climate Change Select Committee has also called for a doubling of the UK’s gas storage by 2020 ‘to ensure a resilient gas supply’. It recognised that the Government should develop a strategy for increasing gas storage, warning that “doing nothing could result in no storage being built, which would diminish energy security.”

Energy security is one of the major challenges facing the UK. Our home-produced oil and gas supplies are well past their peak. We became a net importer of gas – which now generates 40 per cent of the UK’s electricity - in 2004. By 2025, we will be forced to import 75 per cent of all our gas needs.

This is why it is worrying that the UK has, at present, such low levels of gas storage. We currently only store enough to meet 14 days of UK gas needs compared to Germany’s 69 days and 87 days in France. The sudden demands of recent cold winters have already led to gas supplies running dangerously low. This lack of flexibility will become sharper as the share of gas supplied from our
own reserves continues to fall, preventing the UK increasing production to meet extra demand. Halite’s plans to build an underground gas storage facility in newly created salt caverns at Preefall would add 20 per cent (3 days) to UK capacity.

Halite’s scheme would be fast cycle meaning that the gas would be stored at similar pressure to the supplies already in the main UK transmission system. It could meet peaks in demand very quickly and flexibly. Gas would enter the national network at nearby Nateby which would prevent the need for major investment in new infrastructure.

Storing gas in salt caverns is a safe and proven industry across the world. The UK industry has an excellent safety record with no major incident recorded since gas was first stored underground over 50 years ago.

At a time when the growth remains weak and unemployment stubbornly high, the Preefall project would also bring a much-needed £600 million investment into the local and national economy. Research has shown that construction would create more than 3,000 direct and indirect jobs with an average of 1,200 new jobs throughout the eight year construction and commissioning stage. Halite has pledged to support local employment and businesses whenever possible.

Halite has also carried out extensive consultation locally to help meet safety and environmental concerns which has helped shape their plans. This has led to agreement being reached with a wide range of local and national bodies on the application.

The development has attracted significant financial backing. If consent is given, work could begin almost immediately. But to attract the full investment to enable the project to be complete quickly, the Government also needs to provide a clear policy framework including clear targets to increase gas storage and to encourage gas to be stored to safeguard future supplies.

We believe that it deserves strong Government support. We urge the Government to look carefully at the benefits of the Preefall project for the local and national economy and at the role it can play in delivering energy security.

Yours sincerely

BABS MURPHY
Chief Executive