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patron member



Our ref: C15

22nd May 2015

Rt Hon Michael Fallon MP
Minister of State for Business and Energy
Department for Business, Innovation and Skills
1 Victoria Street
London
SW1H 0ET

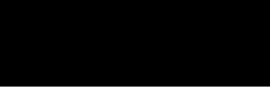
Dear Minister

Preesall Underground Gas Storage Facility, Lancashire

Thank you for taking the time to attend our recent Shale Gas conference in Blackpool to discuss the opportunities around shale gas extraction in Lancashire and the significant economic benefits available to the region.

One important related issue that we did not have the opportunity to cover in our discussion when we visited Scanlite was the proposed Underground Gas Storage Facility being developed by Halite Energy Group at Preesall in Lancashire. I understand the application for a Development Consent Order (DCO) is currently being re-determined by the Department for Energy and Climate Change.

I am writing today to offer support for the Preesall project, which would represent welcome investment in Lancashire and which could create local jobs and generate wealth in the local economy similar to the significant opportunities for shale gas extraction in the region we discussed.

 growth remains weak and unemployment stubbornly high, the Preesall offering 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.



More broadly, energy intensive manufacturing industries in Lancashire and throughout the UK are particularly exposed to high and volatile energy prices which damage their international competitiveness and hamper breaking into new export markets. A crucial driver of energy price volatility has been the increasing reliance of the UK on energy imports as our home-produced oil and gas supplies are 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 importing 75 per cent of all our gas needs.

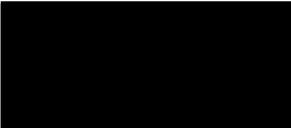
This is why it is worrying that the UK has, at present, such low levels of gas storage. We currently only store enough gas to meet 14 days of UK needs compared to Germany’s 69 days and 87 days in France. The sudden demands of recent cold winters have already led to gas supplies running dangerously low, resulting in damaging price spikes that have crippled energy intensive manufacturing firms. In short, UK manufacturing competitiveness demands more gas storage.

The plans put forward by Halite Energy Group to build an underground gas storage facility in newly created salt caverns at Preesall would add 20 per cent (3 days) to UK capacity. The Preesall project 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, heading off damaging price surges and protecting manufacturing competitiveness.

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. Halite Energy Group 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.

We believe the Preesall project deserves strong Government support, not only to demonstrate support for the regional economy in Lancashire but also to support energy intensive manufacturing industries in Lancashire and throughout the UK. We urge the Government to look carefully at the benefits of the Preesall project for the local and national economy and at the role it can play in delivering energy security.

Yours sincerely



BABS MURPHY
Chief Executive

