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UK

To the Attention of:
Mr Giles Scott
Head, National Infrastructure Consents
Department of Energy and Climate Change
3 Whitehall Place
London SW1A 2AW

Dear Mr. Scott

Halite Energy Group's Underground Gas Storage facility at Preesall

I am writing this letter as someone with vast trading experience in European and UK gas markets who watches closely all developments in the sector. I was particularly interested in the decision made in September 2013 by the Department of Energy and Climate Change not to introduce measures to promote investment in new gas storage projects, such as Preesall.

I remain a supporter of the Preesall project and I would ask that the Secretary of State grant the project consent. Preesall's salt caverns would be capable of moving large quantities of gas either in or out very quickly. This type of "fast cycle" facility lends itself to providing day to day flexibility required for security of supply as well as reducing spikes in the cost of gas.

As the UK moves towards greater reliance on the global gas market to meet its energy needs the UK's gas storage facilities will become increasingly important to protect against supply and price shocks that competing in the global energy market brings.

Much of the UK's existing gas storage infrastructure is old and at some point in the near future requires major capital expenditure to refurbish them. Unfortunately the current market for the UK's existing stock of storage facilities is particularly challenging. Seasonal storage has seen the value of injecting gas in the summer months and then delivering it to the market in the winter months reduce to levels not seen for many years.

My key point here is that without Government intervention, market investment in economical projects such as Preesall is critical to delivering security of supply for gas customers whilst at the same time help reduce spikes in the price of gas.

I believe the Department of Energy & Climate Change should take a keen interest in making sure the Halite re-determination is fairly assessed.



Thank you for your time.

Yours sincerely

Diederick Tesselaar
Director Tesselaar Ltd