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North & Western
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PRESTON'S
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Our ref: C15

29th September 2014

The Rt Hon Amber Rudd
Secretary of State
Department of Environment & Climate Change
3 Whitehall Place
London
SW1A 2AW

Dear Minister

We are writing to you as representatives of energy intensive industries, national and regional business organisation, trade unions, and the global investment community, in relation to the proposed Underground Gas Storage facility being developed by Halite Energy Group at Preesall, near Fleetwood in Lancashire.

The application for Development Consent Order approval for the Preesall project is understood to be before Ministers at the Department of Energy and Climate Change, with a decision due imminently.

At a time of growing geopolitical tensions and increasing uncertainty over UK energy security of supply, it is vital that the UK has the necessary gas supply infrastructure to support jobs and economic growth in energy intensive businesses throughout the country.

At present the UK lags a long way behind our major EU competitor economies in terms of gas storage capacity, which places UK energy intensive industries at a major competitive disadvantage.

The UK currently has an estimated 14 day's supply of gas in storage compared to compared to France with 87 days, Germany with 69 days and Italy with 59 days. Halite's project would represent a significant boost to current capacity adding a further three days which equates to an extra 20 per cent.

As the UK becomes increasingly dependent on imported gas supplies it is vital that domestic gas supply infrastructure, including increased gas storage capacity, is fit to meet this new reality. Recent events in the Middle East and Ukraine have clearly demonstrated the urgency to act quickly and decisively.



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It is clearly apparent that the UK urgently needs more gas storage capacity and in particular 'fast-cycle' capacity in order to address damaging short-term energy price spikes that impact UK industrial productivity and competitiveness.

The proposed Preesall gas storage facility represents a strategic UK energy infrastructure asset and as a 'fast-cycle' facility would add significantly to domestic capacity, flexibility and resilience.

In order to inform their consideration of the Preesall project, the Department of Energy and Climate Change commissioned expert, independent opinion from geological consultants Senergy (GB) Limited. The Senergy report and Halite's own assessment led by the British Geological Survey confirm that the geology of the Preesall site is suitable for the type of gas storage proposed and that the geology can accommodate a very large storage facility of 19 caverns that can be operated on a 'fast-cycle' basis.

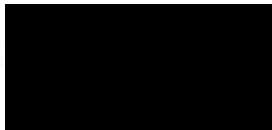
Security of supply is obviously paramount. However the economic benefits cannot be over-emphasised enough. We understand from discussions with our partners that private sector investment totalling £600 million will be injected into the UK economy as a result of the Preesall project creating a large number of new jobs.

The project will also provide a much needed boost across Blackpool and the Fylde Coast by creating new opportunities to diversify and grow an economy that still remains heavily dependent on tourism.

We urge Ministers to be mindful of the vital importance of delivering increased gas storage capacity for the UK economy and to recognise the Preesall project as a strategically important, fast-cycle facility of significant scale that would, if approved, help ensure UK economic competitiveness.

Yours sincerely

Babs Murphy
Chief Executive



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Chief Executive