

30 October 2014

Rt Hon Edward Davey MP
Secretary of State
Department of Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

Dear Secretary of State

Preesall Underground Gas Storage facility

We are writing to you as representatives of energy intensive industries, national and regional business organisations, 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.

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.

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 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.

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.

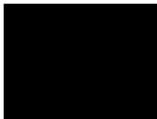
It is also understood that private sector investment totalling £600 million will be injected into the UK economy as a result of the Preesall project, creating a large number of jobs.

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



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Ron Lepin
Managing Partner
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Group



Damian Waters
Director
CBI North West



Guy Lawson
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CECA North West



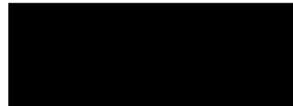
Mike Damms
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Chamber of Commerce
East Lancashire



Roy Rickhuss
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David Workman
Director General
Confederation of
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David Taylor
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National Secretary
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Rachel Smith
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Institute of Directors
North West Region



Sarb Bajwa
Chief Executive Officer
Institute of Gas
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Eddie Proffitt
Gas Group Chairman
Major Energy Users'
Council



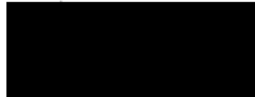
Jock Simpson
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North & Western
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Commerce



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Group Finance Director
Steelite International



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