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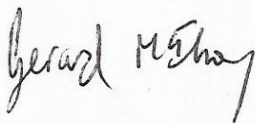
Dear Richard

Gas Storage licence Islandmagee Storage Ltd

We are pleased to respond to your consultation to support the proposed granting of a gas storage licence for Islandmagee Storage Ltd, given the substantial benefit that gas storage located in Northern Ireland would have on the security of our natural gas supplies. Our need for gas storage will increase as North Sea supplies, that have traditionally provided the flexibility we require, dwindle. This part of Western Europe will rely more and more on extended gas pipelines to Russia and cargoes of liquefied natural gas from far afield. More particularly for the island of Ireland, we remain a remote region with relatively high targets for renewable power generation which are likely to be primarily delivered by intermittent wind generators. Gas fired power generators providing back up for these wind generators will require a much more flexible supply of gas, in terms of swing and notice, than is necessary currently. Furthermore as gas demand rises when wind generation falls we could also expect to see gas prices rising at those times as well thereby leaving the gas generators exposed to higher prices if they source the gas in line with their demand profile. Consequently the construction of salt cavity gas storage, would provide a tremendous contribution towards meeting our future gas demands.

Northern Ireland is fortunate enough to have the required geology, with a Permian salt layer at the optimum depth around the Larne area. Islandmagee Storage Ltd proposes developing the project in the area on a commercial basis. There is therefore a very real opportunity to meet our requirements for gas storage at little or no cost to the gas consumers on the island. The granting of a gas storage licence is a welcome first step on the road to a more secure gas network in Northern Ireland.

Yours faithfully



Gerard McIlroy

