



Interconnector (UK) Limited

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INTERCONNECTOR GAS IMPORTS TO EXPAND

Interconnector (UK) Limited is pleased to announce that it is to proceed with the second phase of a £150 million project, which will allow increased flows of gas into the United Kingdom from Continental Europe through its gas pipeline system.

The import capacity of the line from Zeebrugge in Belgium to Bacton on the Norfolk coast will be increased to a total of 23.5 billion cubic metres a year (bcm/y); approximately 40% of the UK household requirement or enough to supply 8 million homes. The expansion will occur in two phases: the current capacity of 8.5 bcm/y will be increased by an additional 8 bcm/y to 16.5 bcm/y in December 2005 in the first phase and by a further 7 bcm/y to 23.5 bcm/y in December 2006 in the second phase.

Interconnector has secured commitment from several companies to take up capacity in the system until 2018. Companies acquiring capacity in this second phase of the expansion are: the French utility Gaz de France, Distrigas SA of Belgium, OAO Gazprom of Russia and EDF Trading Limited based in London. These customers will be able to use their capacity to import gas into the UK from a number of sources.

The project involves the installation of additional gas compression facilities at the Company's terminal at Zeebrugge, Belgium and some modifications and additions to its terminal at Bacton, Norfolk. Work on the first phase of the project is progressing to schedule, with major equipment on order and civil construction in progress. Work on the second phase will commence immediately and benefit from the consents and approvals already received from the relevant authorities. Interconnector will also investigate whether a further phase of enhancement will be possible in the future.

Interconnector's Managing Director Roger Cornish said today: "I am delighted with this outcome. It is good not only for the company and its customers but also for both Belgium and the UK. We have been working very hard for ten months to secure this success, in the face of strong competition from alternative supply projects. This second enhancement phase, together with the first, will enable our customers to import up to 17% of the UK's gas requirement on a typical winter's day. I believe it confirms Interconnector's critical role as an example of innovative, privately funded infrastructure, providing a unique import and export gas transportation service, essential to the security of supply of gas to the UK and furthering the important role of Zeebrugge as a gas hub within the European gas Market."

INTERCONNECTOR (UK) LIMITED – BACKGROUND

Interconnector (UK) Limited (IUK) operates a sub-sea pipeline and terminal facilities connecting the UK and continental Europe. The company's 40" diameter carbon steel pipeline stretches 230 kilometres between Bacton in north Norfolk and Zeebrugge in Belgium. It offers a highly flexible service to its customers transporting gas in either direction based on the aggregate demand of its customers. They can also manage their own gas inventory and trade their capacity and inventory within the pipeline at short notice. Flows are managed on an hourly basis and the system is currently capable of transporting 20 billion cubic metres a year (bcm/y) from Bacton to Zeebrugge or 8.5 bcm/y in the opposite direction.

Owned by ten major companies, IUK has sold capacity in the pipeline to gas shippers. A dedicated and award winning IT system, ISIS, manages the information flows and provides constantly updated information to IUK and its customers.

Further information on IUK can be obtained from www.interconnector.com or contact Roger Cornish or John Stone ph +44 (0) 20 7478 8400 or email webmaster@interconnector.com.