

Media Release



Interconnector (UK) Limited

www.iuk-isis.com

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INTERCONNECTOR WELCOMES COMPETITION COMMISSIONER'S FINDINGS

"Interconnector (UK) Ltd (IUK) today welcomed the European Commission's findings in closing its investigation into the operation of the IUK gas pipeline, in particular, that the Commission had "found no evidence of cartel-like behaviour between the companies that ship gas on the interconnector."

The company also noted the Commission's view that "the increases in the UK spot gas prices in 2000-2001 found their origin in the structure of the UK and continental gas markets and, more particularly, in the differences in market opening between the two markets concerned."

In commenting upon the finding of Commissioner Mario Monti, IUK said today that there had been progressive development of the rules regulating the operation of the pipeline to cater for market requirements, as recognised by the Commission. The current amendments to the rules, Nos. 9 and 10, which dealt principally with improvements in the flexibility of the line operation, had been initiated in draft form by IUK at the end of 1999. (The original operating rules had been formulated four years prior to the pipeline's opening in 1998.)

The Managing Director of Interconnector, Mr Roger Cornish said that Interconnector has created a new gas market by joining the large, liberalised UK market to the larger, but less open, continental market. "We have worked hard with our shippers to adapt our complex two-way operating regime to the demands of this new and continuously changing market reality," he said.

"Interconnector will continue to evolve alongside the market offering a range of services and a degree of openness not seen on other European pipeline systems. We are also planning to enhance our UK import capacity beyond the current limit of 8.5bcm per year up to a possible maximum of 25bcm per year. Engineering, for planning purposes, is well underway and we are engaged in debate with potential customers to finalise the timing and volumes."

Released for Interconnector (UK) Ltd by Michels Warren.

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INTERCONNECTOR (UK) LIMITED — BACKGROUND

Interconnector (UK) Ltd, or IUK, operates a sub-sea gas 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 is capable of transporting 20 billion cubic metres of gas a year (bcm/yr) from Bacton to Zeebrugge and 8.5 bcm/yr in the opposite direction. Owned by ten major energy companies, IUK has sold capacity in the pipeline to gas shippers. A dedicated and award-winning IT system, ISIS, manages the volumes and flows and provides constantly updated information to IUK and its shippers. Further information on IUK can be obtained from <http://www.iuk-isis.com>