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## **OFGEM WARNS AGAINST COMPLACENCY AS IT PUBLISHES NATIONAL GRID'S WINTER CONSULTATION UPDATE**

Ofgem has today (Tuesday) published National Grid's update to its consultation on energy supplies for winter 2007/08. While the update shows that investment has improved the gas outlook for next winter, Ofgem has warned that a number of risks and challenges remain.

The update builds on National Grid's initial consultation, published by Ofgem in March. It confirms that as a result of investment in greater gas import and storage capacity Britain's gas supplies should be less tight next winter compared to last. This confirmation comes even though there is some uncertainty regarding whether one of the new liquified natural gas (LNG) terminals will come on stream in time for winter 2007/08.

National Grid has removed the need for safety monitor alerts on short and medium range gas storage levels, indicating its increased confidence in the gas market for the coming winter.

National Grid also continues to indicate that forecast electricity margins remain healthy even under severe weather conditions.

However, Ofgem is warning customers and the energy industry against complacency, as uncertainties remain, including how cold it will be next winter and how much gas will be available from Europe.

National Grid's final Winter Outlook Consultation Report will be published by Ofgem in September.

- Ends -

### **Notes to Editors**

1. National Grid's Winter Outlook 2007/08 Consultation Update is available from Ofgem's website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk)
2. Safety monitors set out the minimum levels of gas needed in storage to ensure secure supplies throughout the winter period. National Grid is required to set out these safety monitors and the safety monitor level for long range storage has been set at 2.7 per cent of total storage capacity for this winter. Last winter, National Grid also set safety monitor levels for short and medium range gas storage, but has not considered these necessary for this winter.
3. Two new LNG terminals are being built at Milford Haven. Dragon, with an annual import capacity of 6bcm, is believed to be coming on stream during Q4 2007. South Hook, with an annual import capacity of 10.5bcm, is expected to have been commissioned by the end of Q2 2008.
4. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim

is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000. In this information note, the functions of the Authority under the relevant Acts are, for simplicity, described as the functions of Ofgem.

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