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## MORE GAS SUPPLIES COME ON STREAM FOR WINTER

- **Increase in UK's capacity to import gas confirmed for this winter**
- **Norway's Ormen Lange gas field connected to UK**
- **Electricity generation reserve margin remains at 22 per cent**
- **Energy supplies have improved but the weather and unpredictable global supply shocks remain in play**

Investment in new pipelines and other gas infrastructure should boost gas supply this winter according to a report by National Grid published today (Wednesday) by energy regulator Ofgem.

National Grid's analysis shows that the outlook for gas has improved by over 70 million cubic metres (mcm) of gas a day – around 15 per cent of the gas used on a cold winter's day.

While investment has improved the gas outlook, National Grid has warned that there are still risks and uncertainties relating to imports from Europe and how international gas price movements might affect Liquefied Natural Gas (LNG) imports. For example, very cold weather in Europe can reduce continental gas imports for the UK and events like hurricane Katrina, which destroyed gas production facilities in the US, can raise Great Britain prices and divert LNG away from the UK. Damage to the Central Area Transmission System this summer, which resulted in a major pipeline being shutdown, is another reminder that the unexpected can happen.

Ofgem's Chief Executive, Alistair Buchanan, said: "More investment means that we have the potential to import and store more gas this winter than last. While this is welcome news, we must not forget that we are vulnerable to fluctuations in global energy prices. And nobody can predict with any certainty how severe a winter we may have or what may happen to global energy prices so there is no room for anyone to drop their guard this winter."

A significant contribution to the improved supply situation comes from the connection of the Langeled pipeline to the Ormen Lange gas field, which is being tested now and is expected to be operational at the start of October. This means that unlike last year, the Langeled pipeline will have a dedicated gas field to draw on rather than depending on surplus gas from existing Norwegian production. Britain's third LNG import facility, the Dragon terminal at Milford Haven, is also expected to be up and running by January.

Gas storage will also be increased with a new gas storage facility at Aldbrough, and expansion of an existing storage facility at Hole House Farm. A further expansion of the new pipeline link with Holland has already taken place.

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### Notes to editors

1. Copies of National Grid's Winter Consultation Report 2007/2008 are available on the Ofgem website at <http://www.ofgem.gov.uk/Markets/WhIMkts/CustandIndustry/WinterOutlook/Pages/WinterOutlook.aspx>.

2. A factsheet *Securing Britain's Gas Supply* with more details on the new gas importation facilities is available from the Press Office section of the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk).
3. Ofgem's winter 2007/2008 consultation seminar will be held on 2 October 2007 in London. Anyone wishing to attend should contact GB.markets@ofgem.gov.uk.
4. Britain uses around 100 bcm of gas a year and the record amount of gas used in a day stands at 440 mcm in January 2003.
5. 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. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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