

# Gas Reserve Debate

## March 2006

Centrica Storage Limited

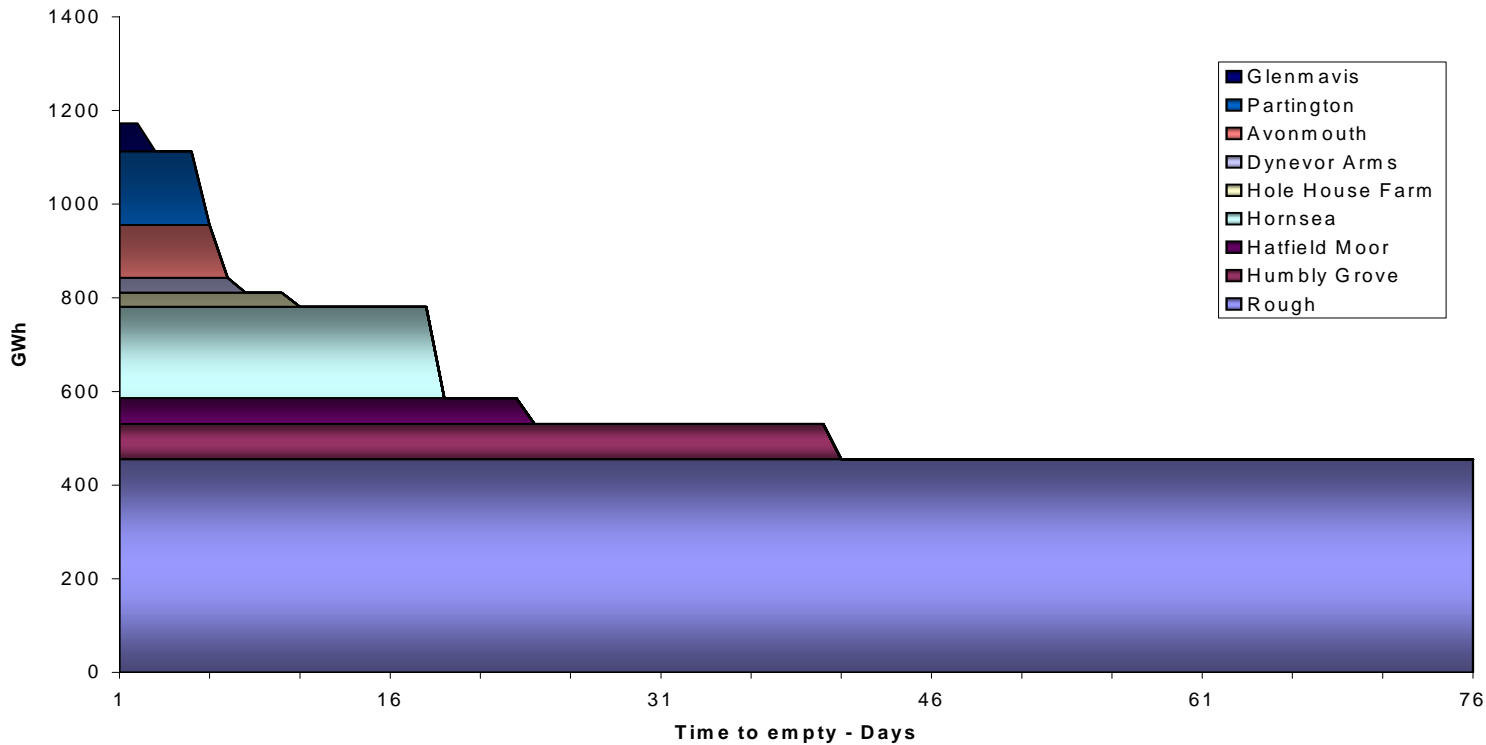
**centrica**

*taking care of the essentials*

# Gas Reserve Debate

- Welcome debate – reform to gas monitor regime
  - What is the most efficient solution?
  - What could be changed?
- Above/below the line distinction very important
  - Avoiding an emergency is key
- Is storage the only answer below the line? Yes
- Contestability to supply gas reserve – Profiles
  - Substitutability of LRS?
  - Substitutability of MRS?
  - Substitutability of SRS?
  - If no substitutes – Is competition possible/desirable?
- NGg procure options/manage costs
- Low option fees – High exercise fees
- Recent events highlighted deliverability risk – implications for any regime changes?
- Incremental change (compensation) an alternative

# Storage Capacity – Winter 2005/6

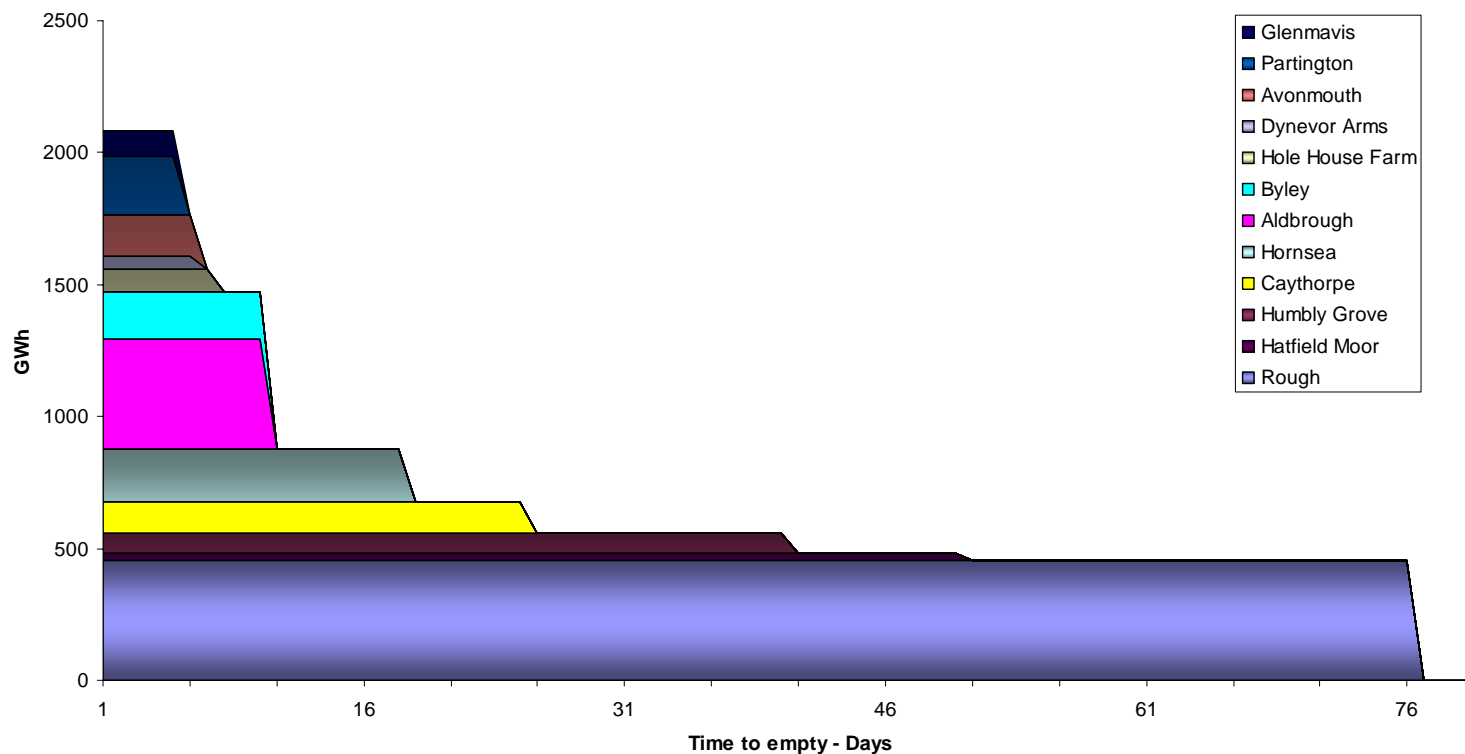


Deliverability around 120 mcm

First new entrant – limited churning capability

Reliance on limited number of storage sites

# Storage Capacity – Winter 2007/8



Deliverability – circa 190 mcm

Significant churning potential of storage

Combination of TPA and exempt facilities

Source: Caythorpe Exemption application:  
Ofgem