Winter ’06 / 7 – a BP perspective

20th July ‘06

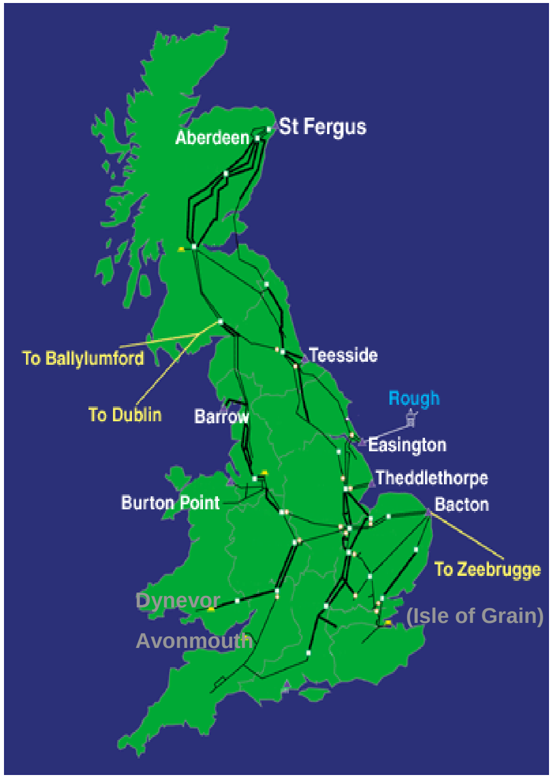
Tani Nath, VP UK Gas and Power

Content

- Supply / demand balance
- Elements of supply – context - relative contribution
  - Upstream
  - Interconnectors
  - Storage
- LNG

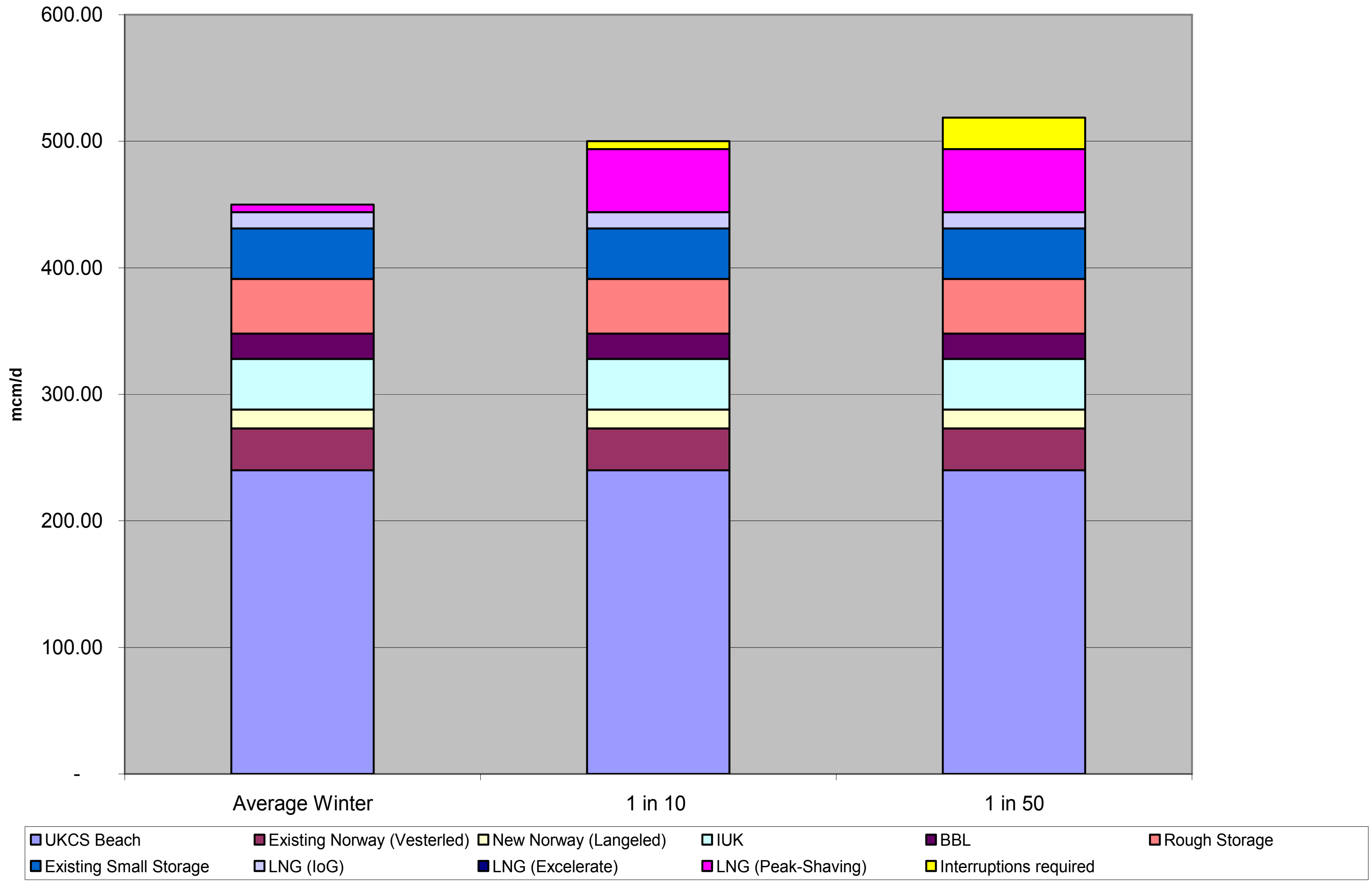
Supply / demand winter '06/'07

- National Grid Winter Outlook:
  - New import projects remain on track
  - Gas supplies could be tighter this winter if new pipes and terminals are delayed or not used to full capacity
  - Rough is expected to be full in time for winter
- Retain an accurate perspective
- Two issues
  - Is there enough gas until the end of winter?
  - Is there sufficient peak deliverability?



Source: National Grid

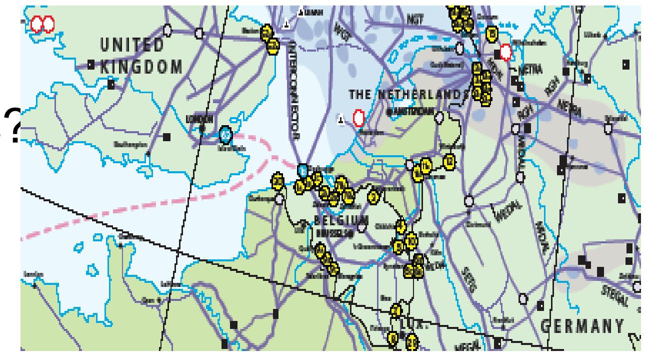
Elements of peak UK supply 06/07 – mcm/day



Upstream contribution

- **Upstream co-ordination arrangements worked well last winter**
- **Continuing engagement with DTI and NG**
  - St Fergus study
  - review of Entry Specifications effect on gas availability
- **Focus areas for winter 06/07**
  - refreshing plans and procedures, building on experience from last winter
  - streamlining communication routes
  - revisiting asset availability plans and winter preparations
  - liaising with DTI and NG on updates to procedures
  - continued focus through the winter period
  - timely dialogue with DTI on material operational events

Interconnectors



Source - GIE

- Capacity and commodity - differentiate
- How much gas will be available for imports?
  - infrastructure upstream of IUK
  - quality
  - security of supply in other countries.
- Experience of last winter was that it was extremely difficult to source gas, even if market signals theoretically attracted gas to the UK
- Additional capacity this winter with BBL and Langeled pipelines ready for operation
  - could help ease transportation constraints in Europe

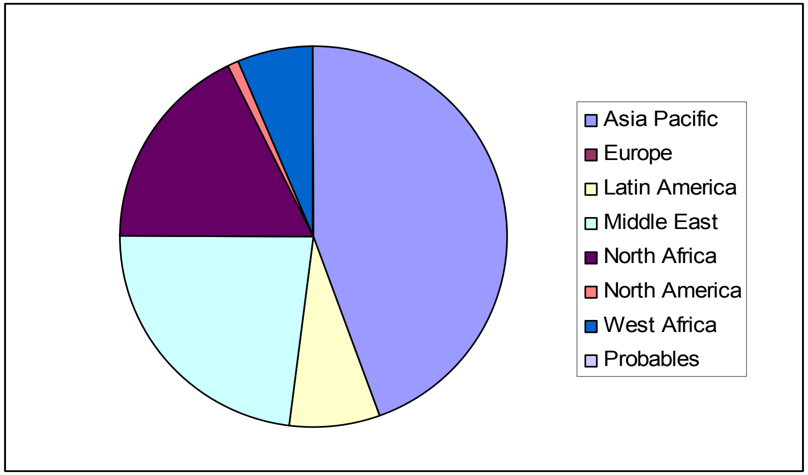
Storage

- Long range storage
  - Rough is a key element of next winter's supply
- Medium range storage
- LNG peak shaving facilities

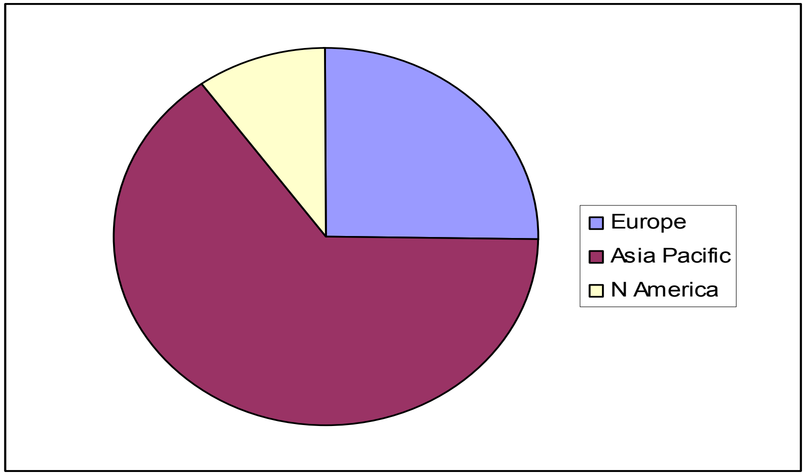
Source – Centrica Storage

Global LNG supply and demand 2005/2015 - bcma

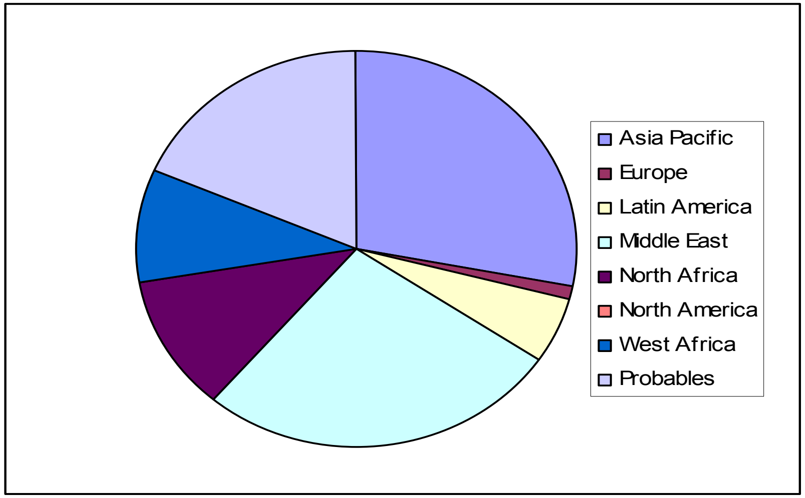
Total Supply 2005 – 189 bcma



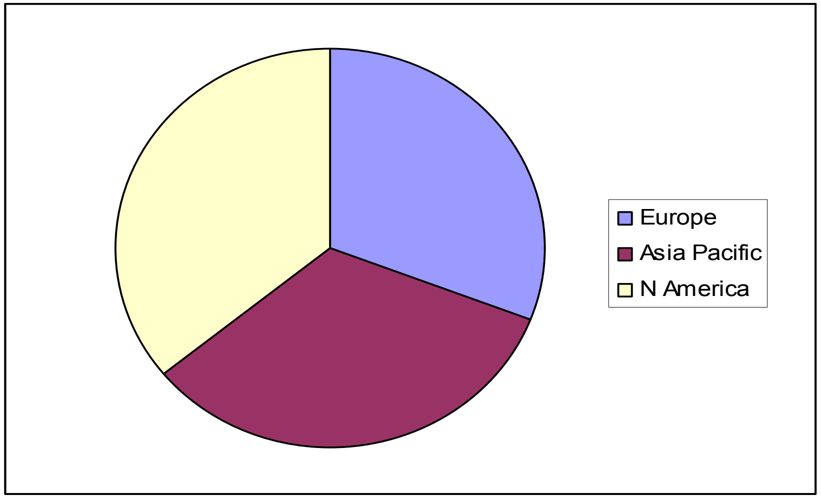
LNG Demand 2005 -189 bcma



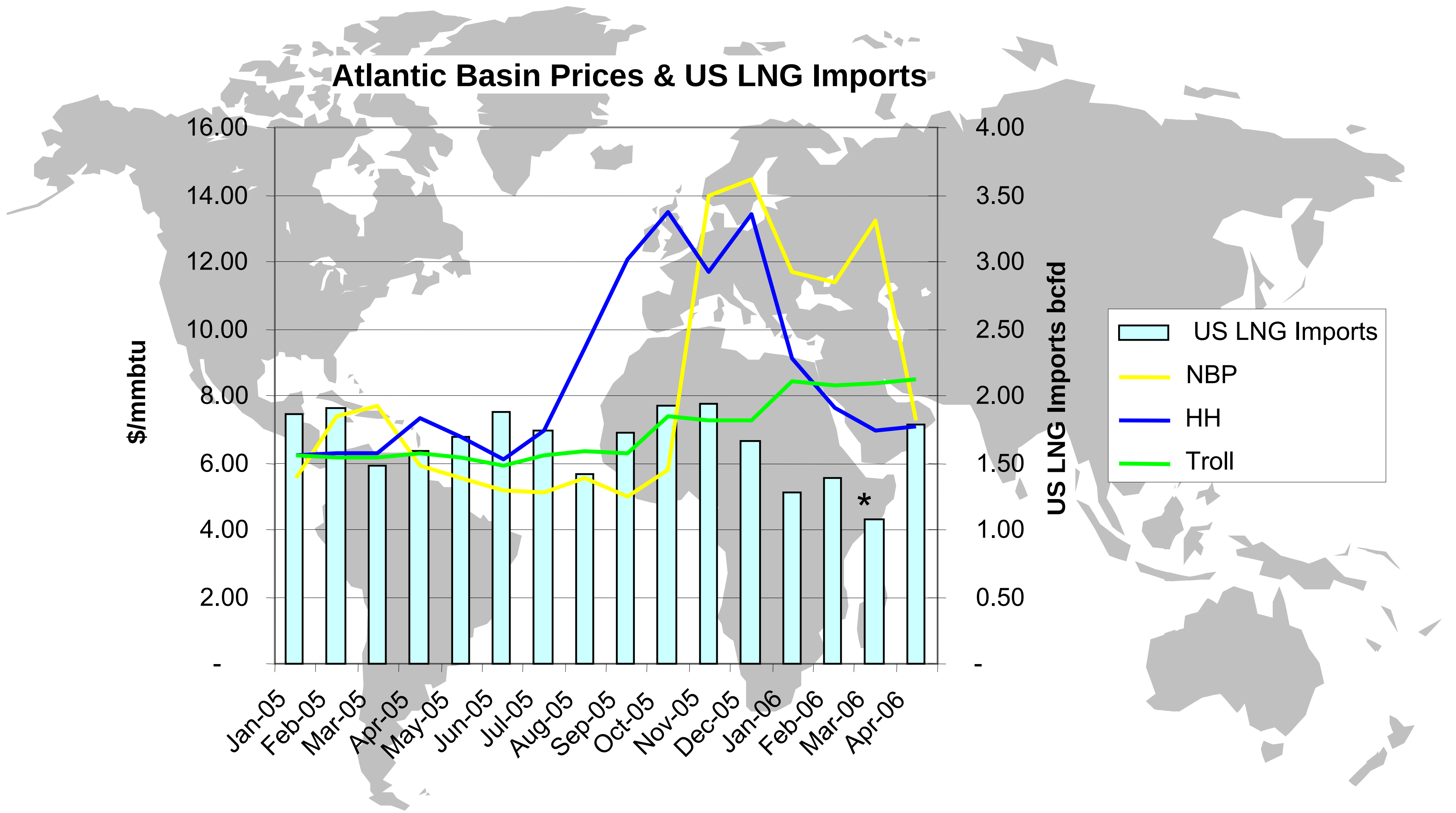
Supply 2015- 517 bcma



LNG Demand 2015 – 515 bcma



Recent market dynamics



* Lake Charles closed March 06

Sailing times to Isle of Grain in days (@ 19 knots)
Liquefaction Plant
LNG Receiving Terminal
Under Construction
Grain
Snohvit 3.1
Zeebrugge 0.3
Montoir 1.4
Panigaglia 5.0
Bilbao 1.7
Sines 2.5
Barcelona 4.3
Marmara 7.0
Huelva 3.0
Cartagena 3.6
Revithoussa 6.4
Arzew 3.7
Skikda 4.5
Damietta 7.3
Idku 7.1
US Gulf Coast 11.0
US East Coast 7.8
Trinidad 8.9
Marsa El Brega 6.2
Arabian Gulf 15.0
Bonny 9.8

Grain – new secondary capacity arrangements

- Enhancement of existing arrangements
- Planned implementation date - 31st July
- Further details will be available on the agents website www.lngga.com

The British Merchant

Market forces in the world LNG market are the key as to whether LNG flows to the UK - new secondary capacity arrangements cannot guarantee that slots will be filled

Summary

- Upstream supply will still be the mainstay of UK gas supply this winter
- BP will be doing all it can to maximise upstream production and reliability
- Reliable operation of Rough will be important
- Flows through interconnectors will important
- LNG will contribute
- Demand side response plays a part

Success in achieving supply / demand balance will be delivered by a combination of the above