Winter 2006/07 so far

Peter Boreham, UK Gas Operations Manager

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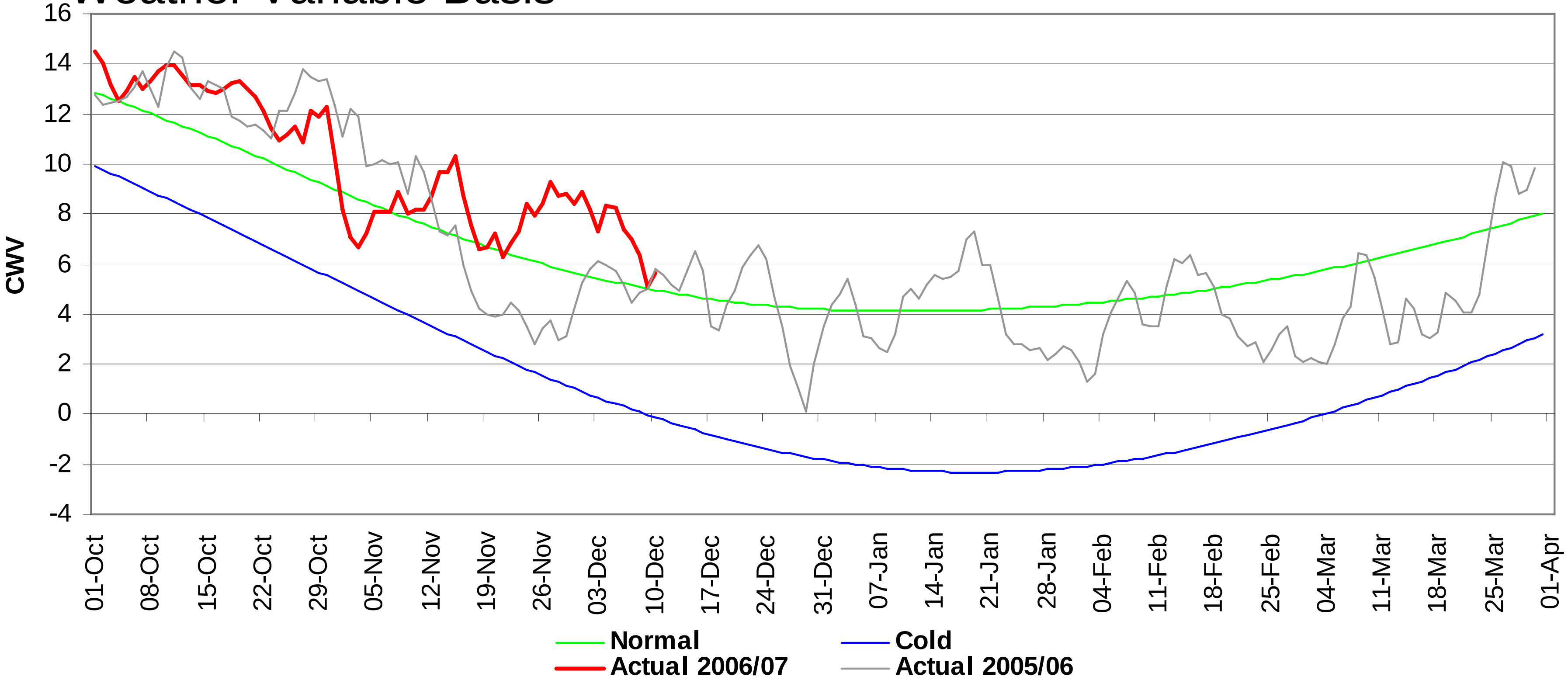
Winter 2006/07 Consultation Report: summary

- Gas demand; forecast demand depressed due to expectation of continued high prices
- Gas supply; positive developments regarding construction of new import infrastructure projects. Continued uncertainty regarding utilisation rates
- Electricity market; less uncertain. Coal generation expected to operate at baseload with gas providing marginal capacity

- Weather as key determinant
  - Little / no additional demand-side response required in an average / mild winter

Winter 2006/07 to date: weather to date

- Autumn 2006 was the warmest average Central England temperature on record
- November was the 6th warmest in the last 50 years on a Composite Weather Variable Basis



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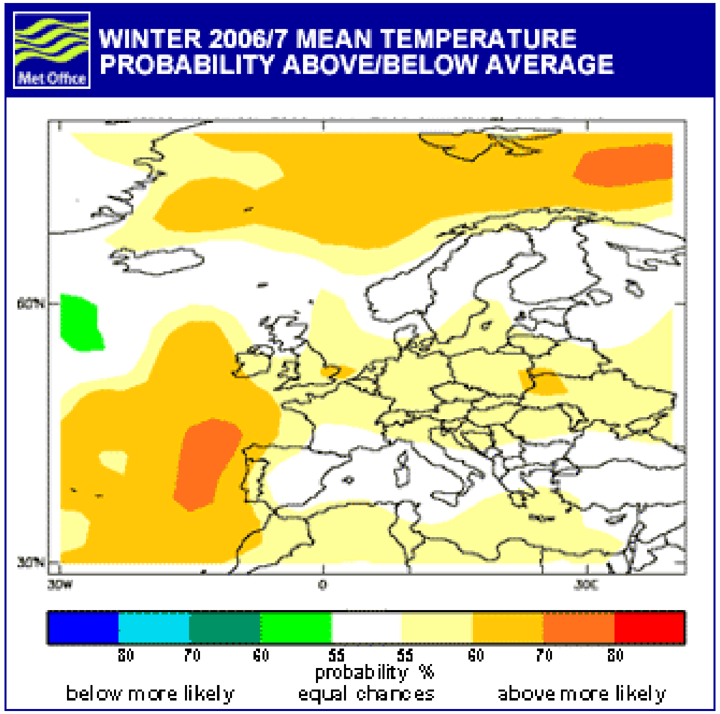
Winter 2006/07 to date: weather outlook

- Dec-Feb temperatures near or warmer than average (1971 – 2000 average)
- Dec-Feb precipitation average or above average
- Potential for colder than average temperatures mid to late winter due to cold outbreaks

Met Office, 5 Dec 2006



- Jan below average temperature 'change to much colder'; Feb 'expected to begin with rather cold and dry conditions'

theweatheroutlook

- Temperatures below average…February likely to be coldest month

netweather.tv

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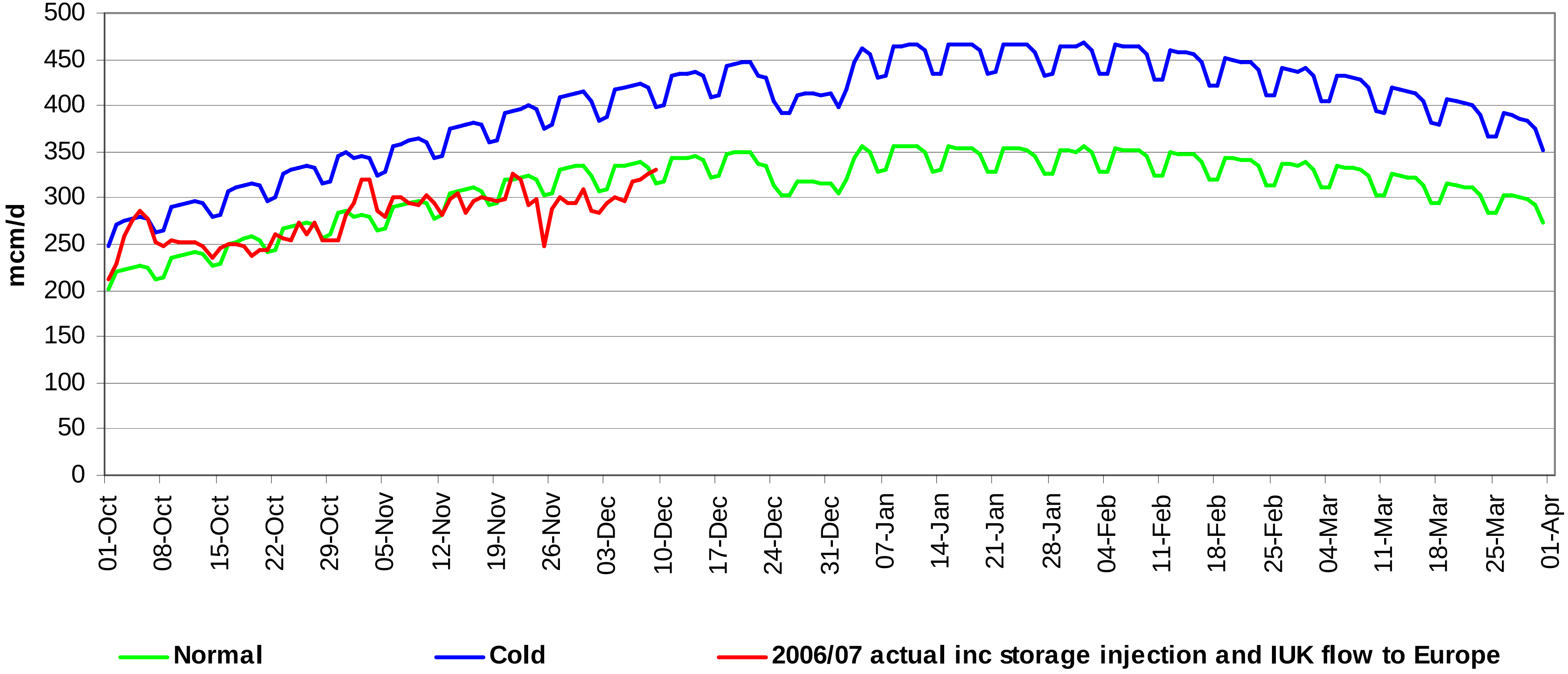
Winter 2006/07 to date: gas demand



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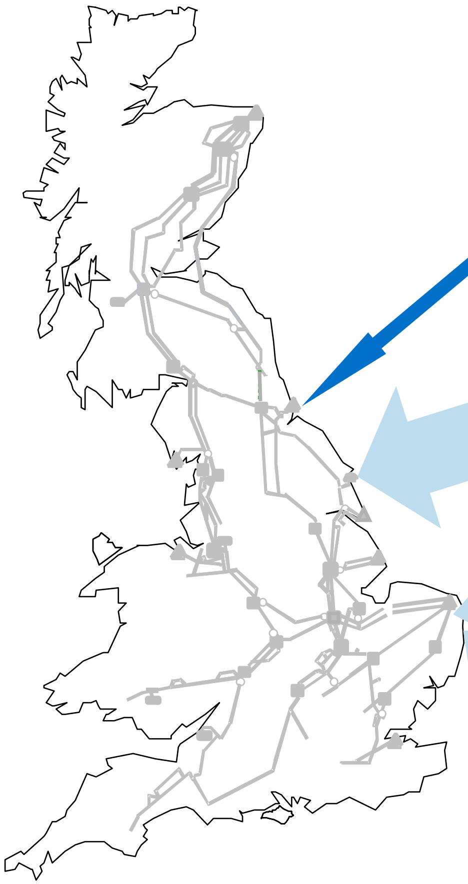
Winter 2006/07 to date: new import infrastructure



Excelerate LNG Energy Bridge
Due Jan 2007

Langeled
New pipeline from the Sleipner platform
Commercial flows commenced 1 Oct

BBL
New Dutch interconnector
Commercial flows commenced 1 Dec

IUK
Existing Belgium interconnector.
Capacity upgrade completed 1 Oct

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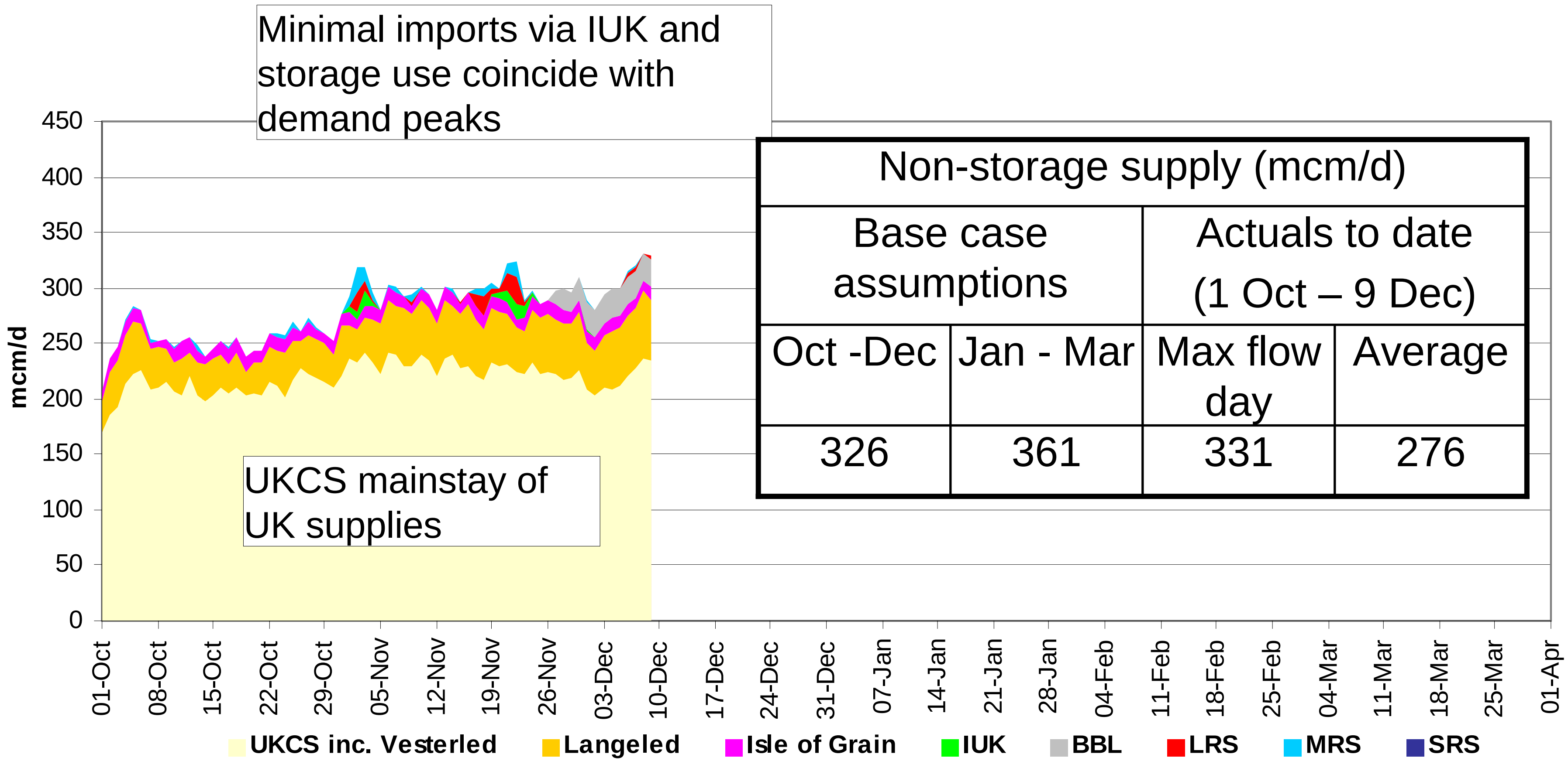
Winter 2006/07 to date: gas supply build-up



Non-storage supply (mcm/d)			
Base case assumptions		Actuals to date (1 Oct – 9 Dec)	
Oct -Dec	Jan - Mar	Max flow day	Average
326	361	331	276

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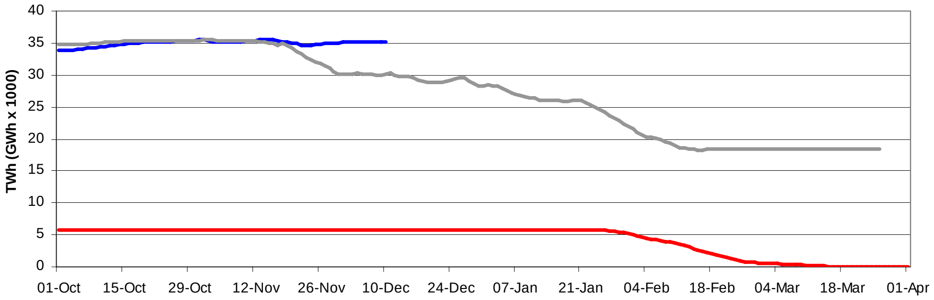
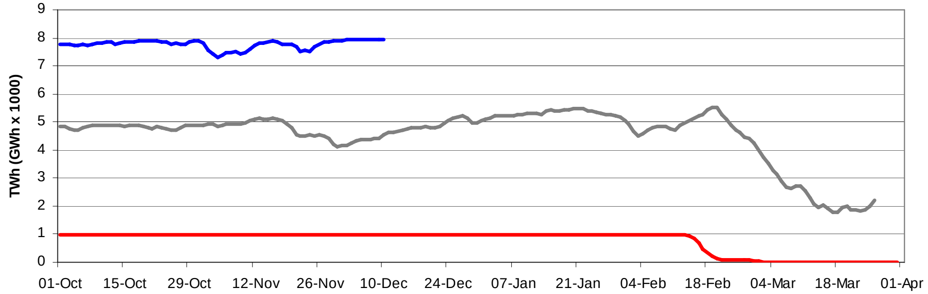
Winter 2006/07 to date: gas storage position

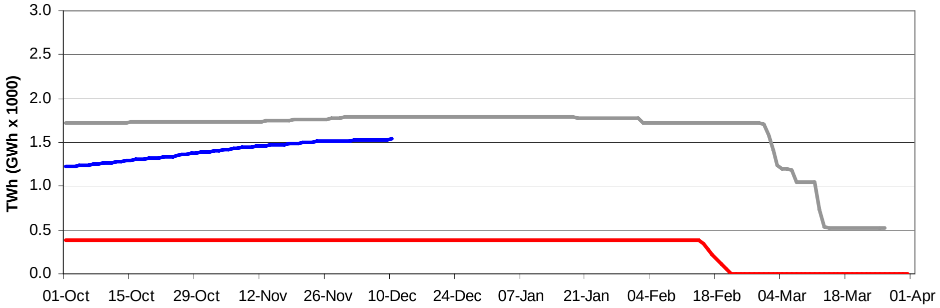
LRS; 101% full = 74 days at max flow before monitor. Positive position compared to last year



MRS; 98% full = 20 days at max flow before monitor. Humbly Grove fully operational. Storage cycling throughout November



SRS; 88% full = 2.7 days at max flow before monitor. Injection ongoing



Key

Safety Monitor 2006/07

Actual stock 2006/07

Actual stock 2005/06

Data correct as at 12/12/06

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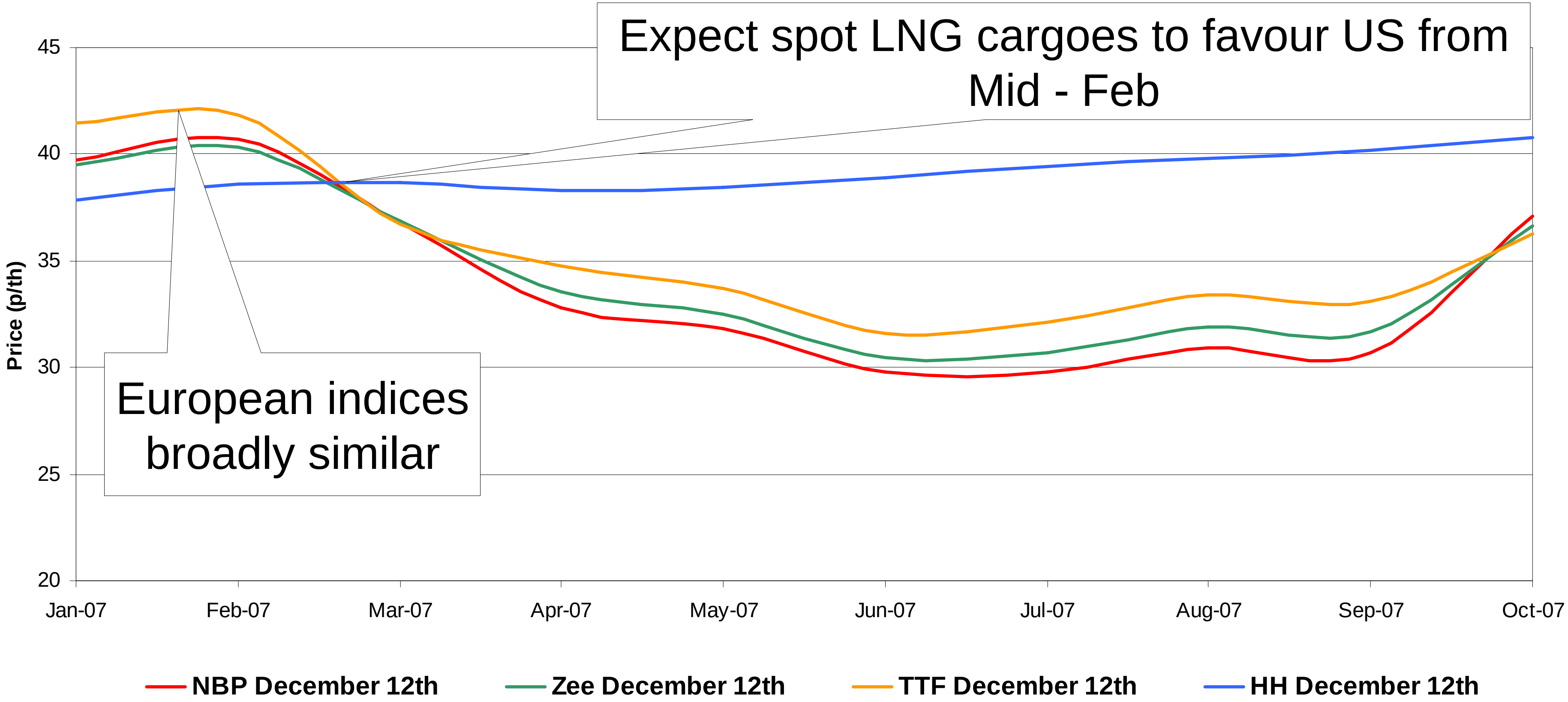
Winter 2006/07 to date: forward gas prices



- Forward prices across all indices fallen recently
- December average SAP 27 p/therm*

* 1 Dec – 9 Dec average

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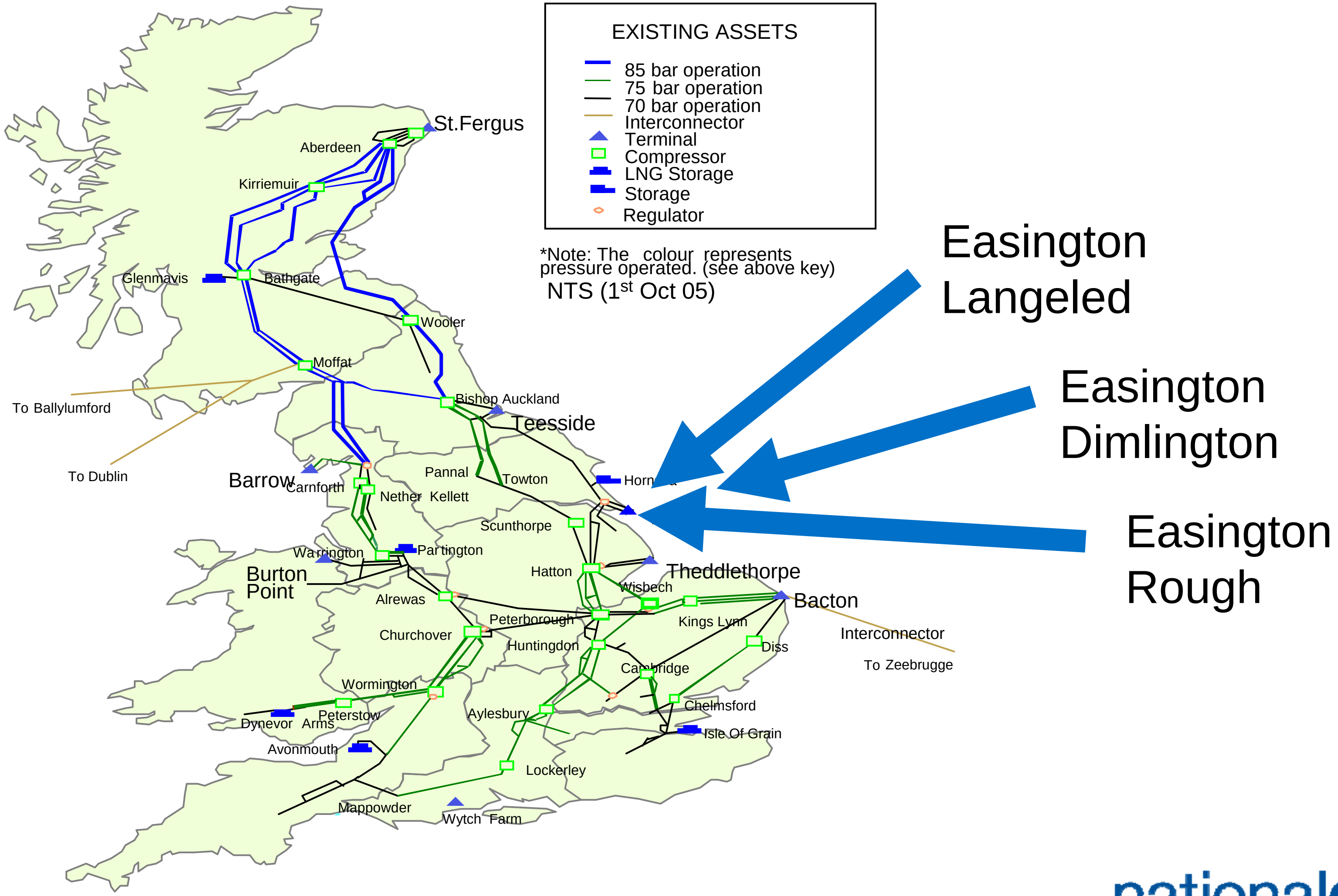
Easington; 19 December



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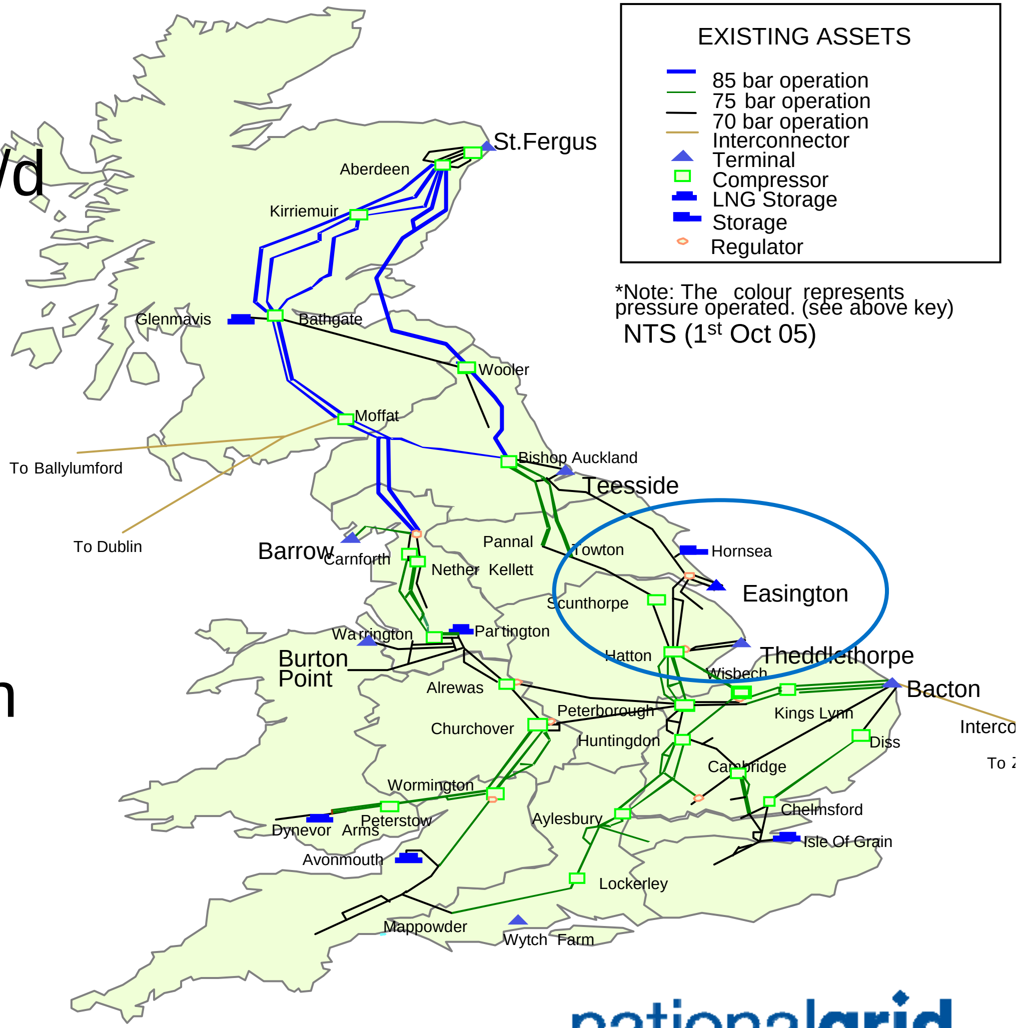
Easington; 19 December

- Nominations 107.2 mcm/d (08.00)
- Baseline capacity 98 mcm/d
- High pressures and constraint risk
- Interruptible scaled back
- Flows reduced to 98.5 mcm/d (12.00)
- No further constraint action envisaged



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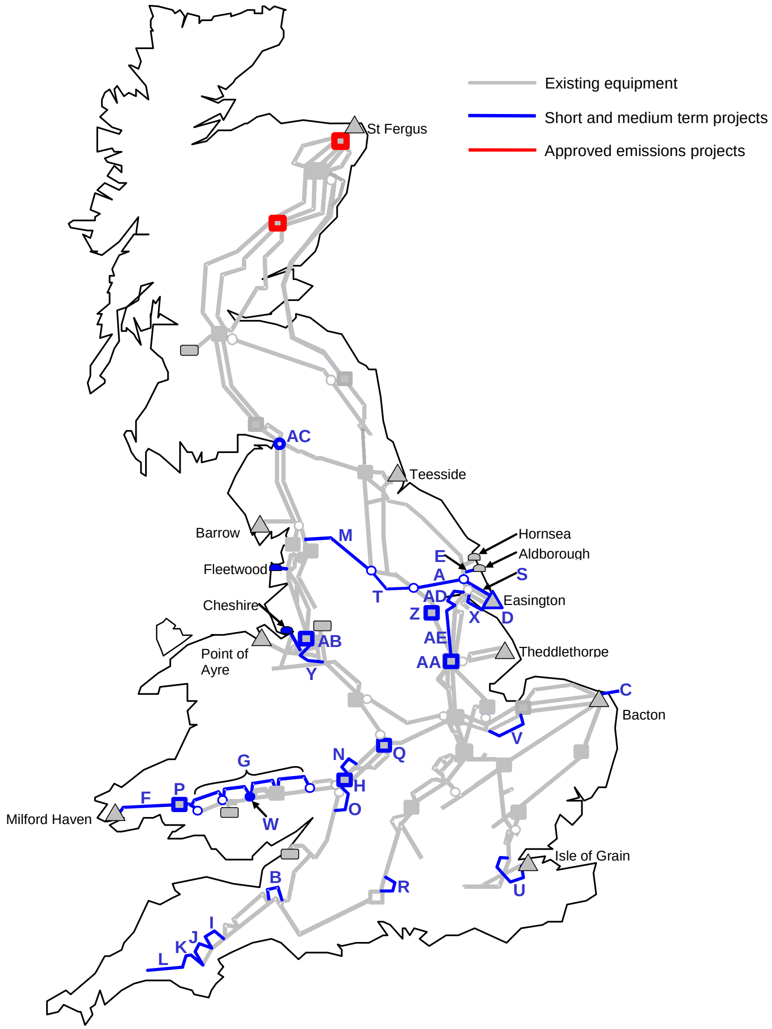
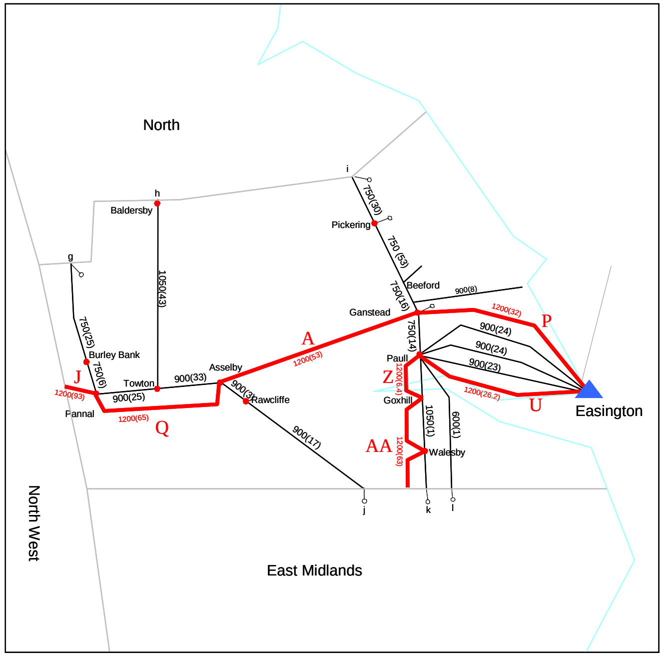
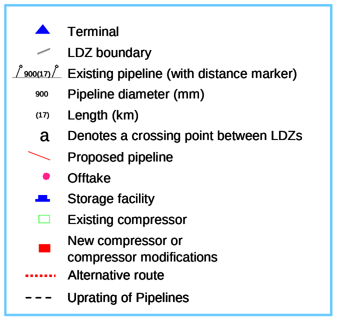
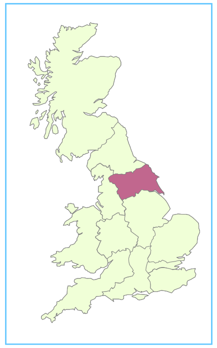
Easington; future developments









Source: Ten Year Statement 2006

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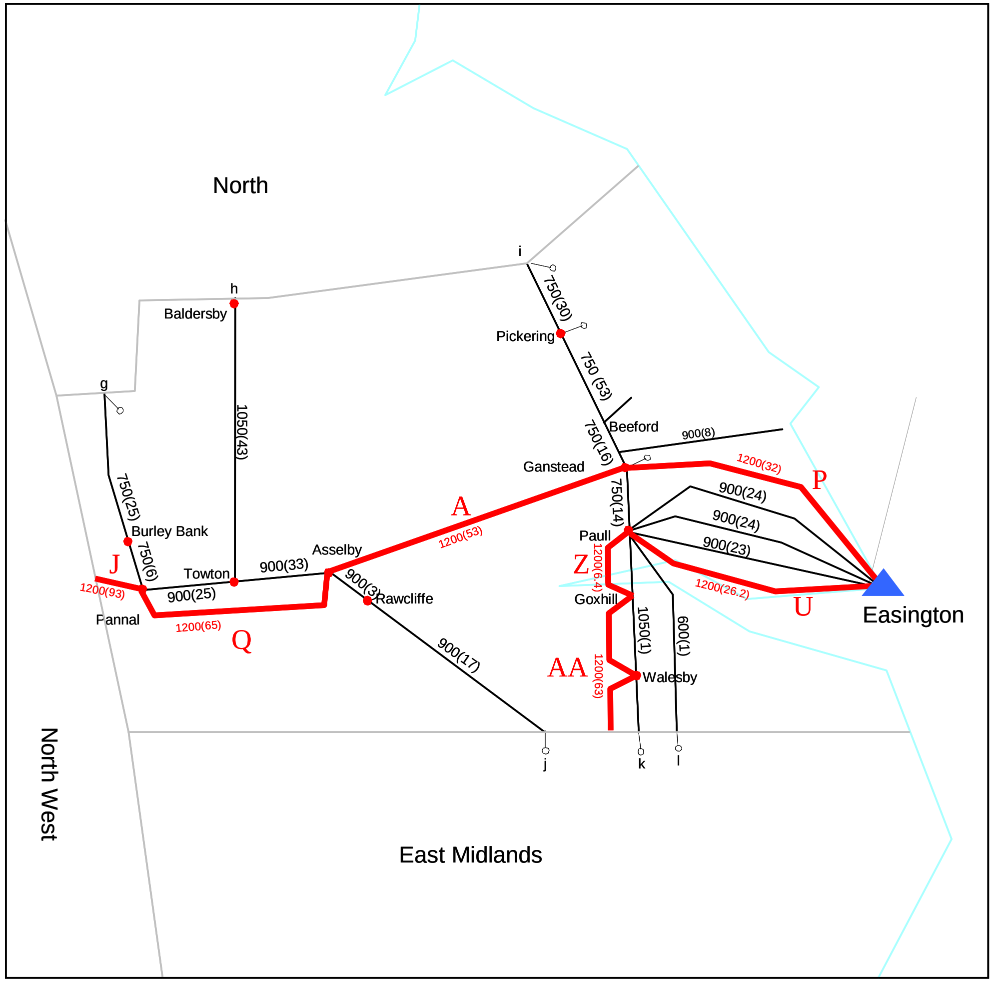
Easington; future developments



	Scheme	Year
A	Ganstead to Asselby Pipeline	2006
J	Pannal to Nether Kellet Pipeline	2007
P	Easington to Ganstead Pipeline	2008
Q	Asselby to Pannal Pipeline	2008
U	Easington to Paull	2009
Z	Paull to Hatton	2010
AA	Goxhill to Hatton	2010

Source: Ten Year Statement 2006

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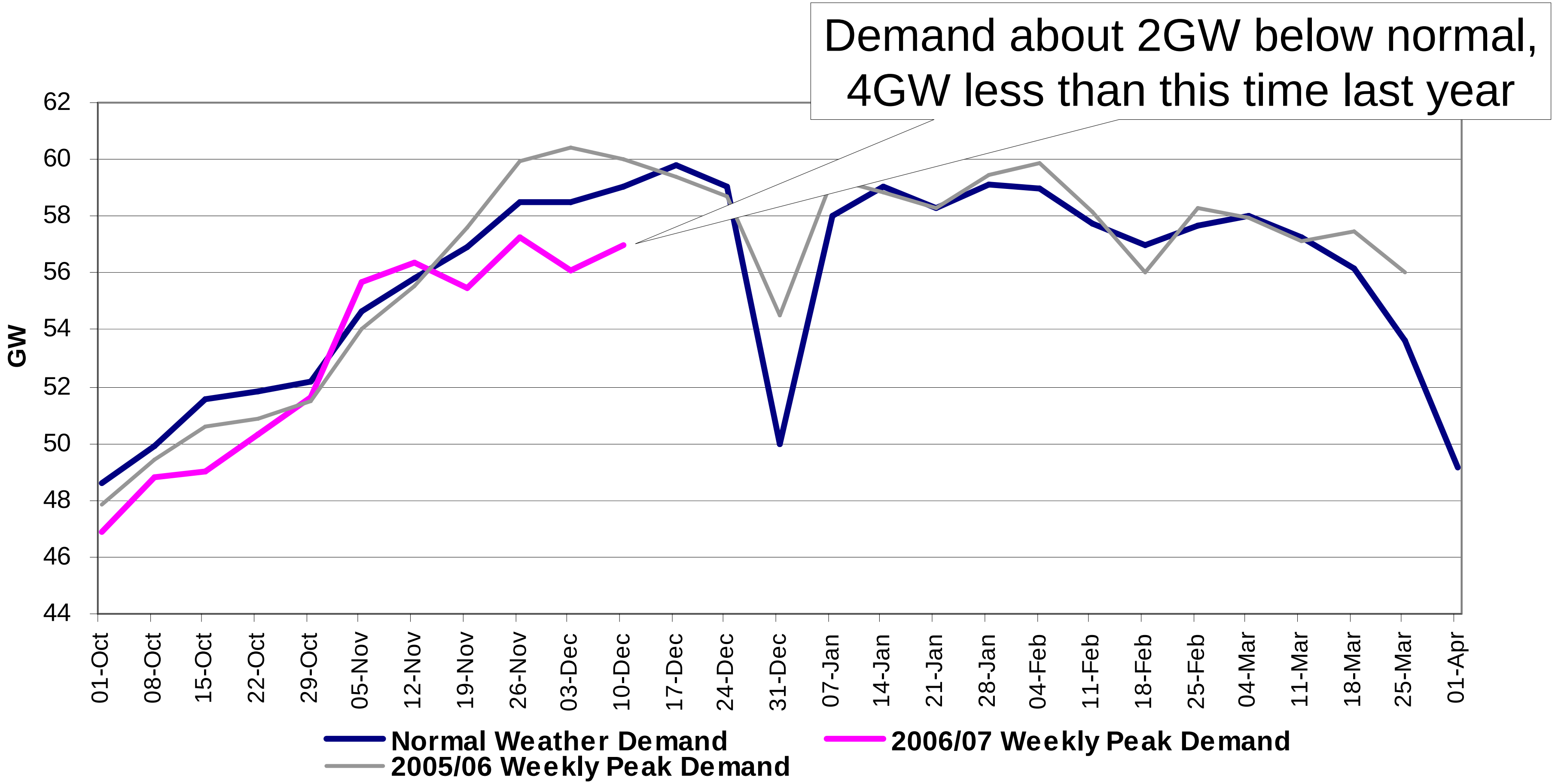
Winter 2006/07 to date: electricity demand

- No NISMs issued to date



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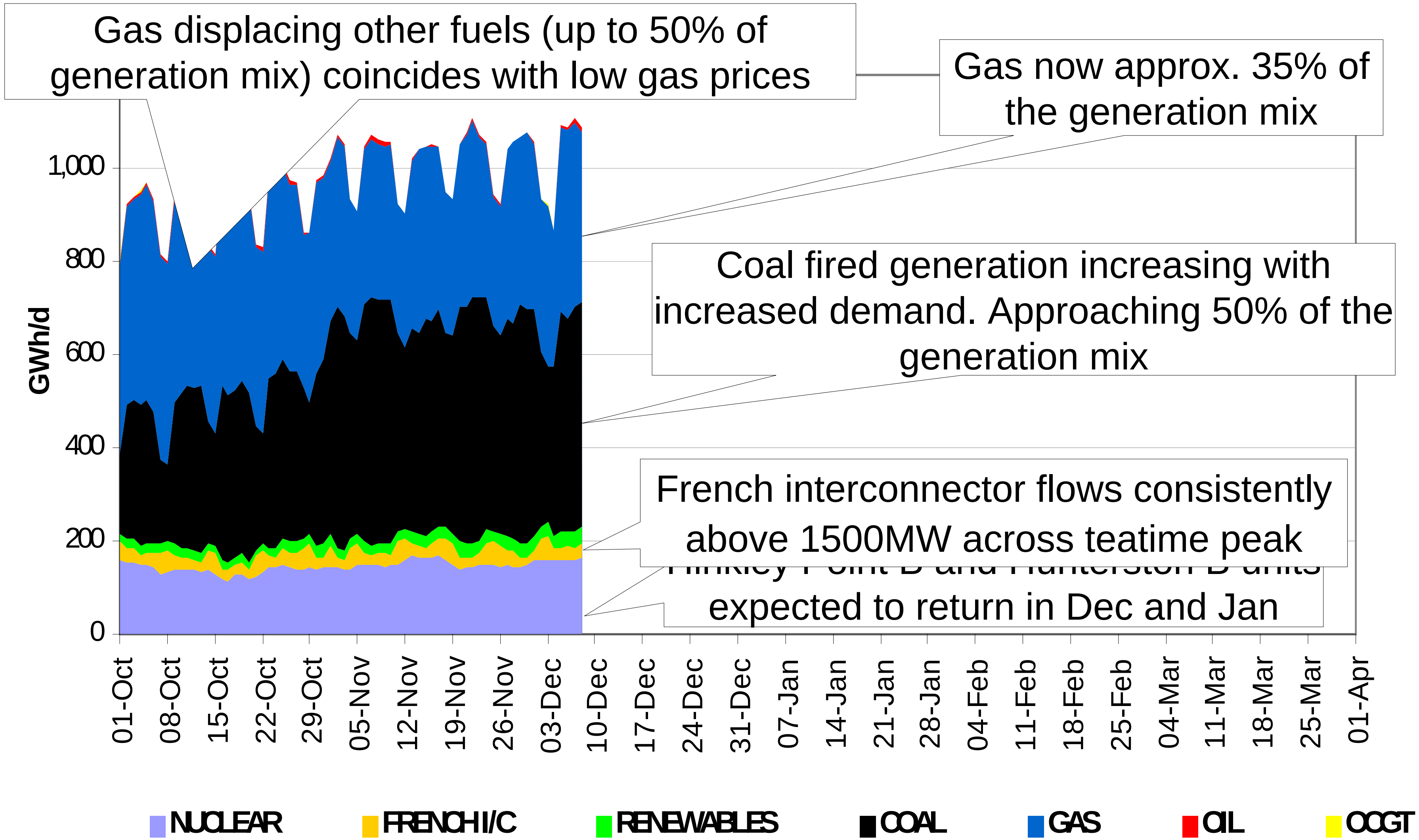
Winter 2006/07 to date: electricity supply build-up



Conclusions

- No major supply / demand issues so far this winter
- Mild weather to date but still potential for colder than average temperatures mid to late winter
- Demand generally below Normal and below winter 2005/06
- Gas import infrastructure developments positive, imports significantly higher than last year
- Generation mix evolving as the winter progresses
- Both Grids are performing as expected

- Information available throughout the winter via our website www.nationalgrid.com/uk/

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