

Winter Outlook 2007/8

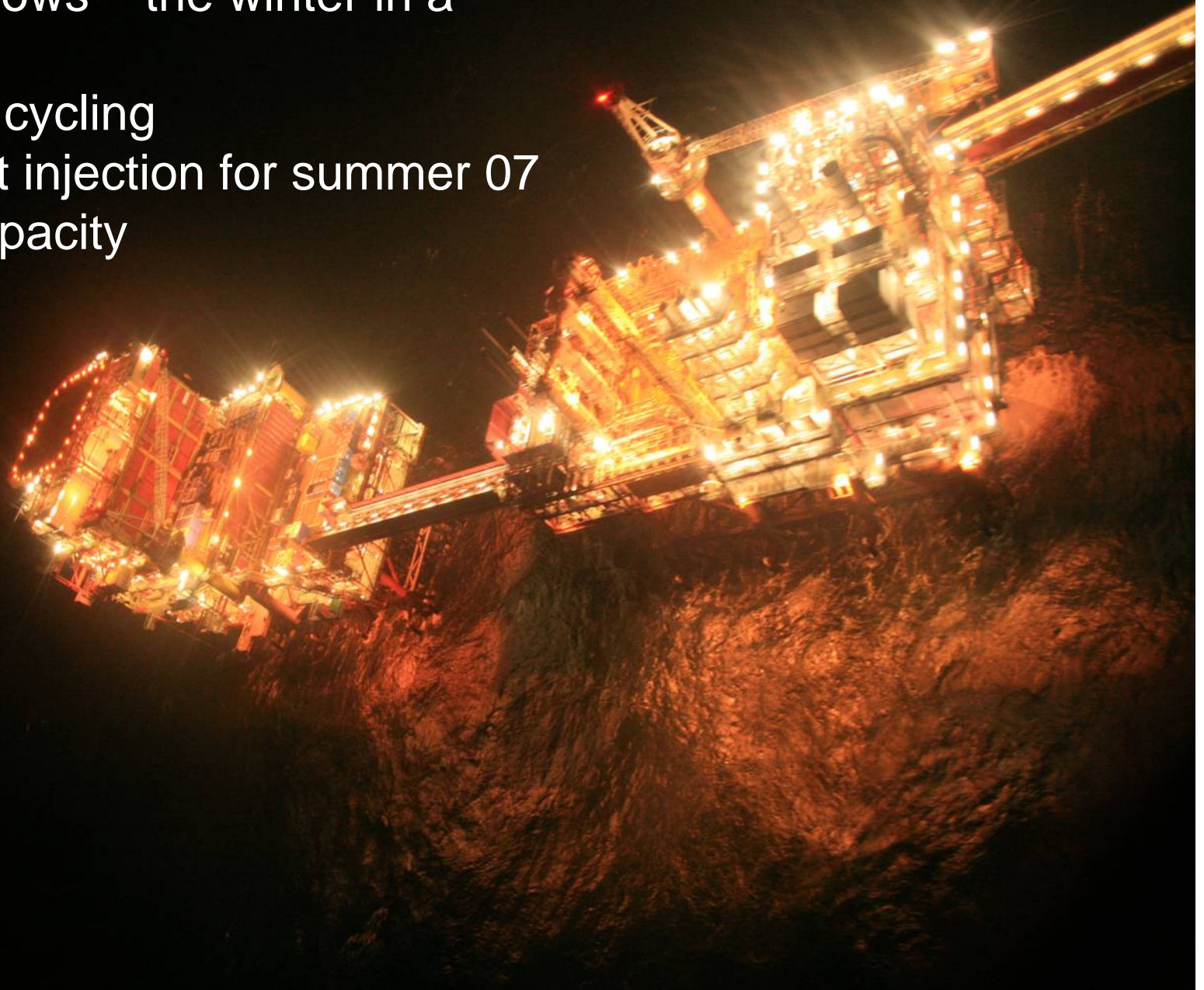
June 2007

James Lawson
Centrica Storage Ltd.

The Centrica Storage logo is located in the bottom right corner. It features the word "centrica" in a bold, blue, sans-serif font, with a small orange dot above the 'i'. Below it, the word "storage" is written in a smaller, blue, sans-serif font. The logo is set against a white rectangular background.

centrica
storage

1. Introduction to CSL
2. Rough flows – the winter in a slide
3. Storage cycling
4. Forecast injection for summer 07
5. Entry capacity



1. CSL Facilities Overview



Hedon, near Hull
Administration/engineering



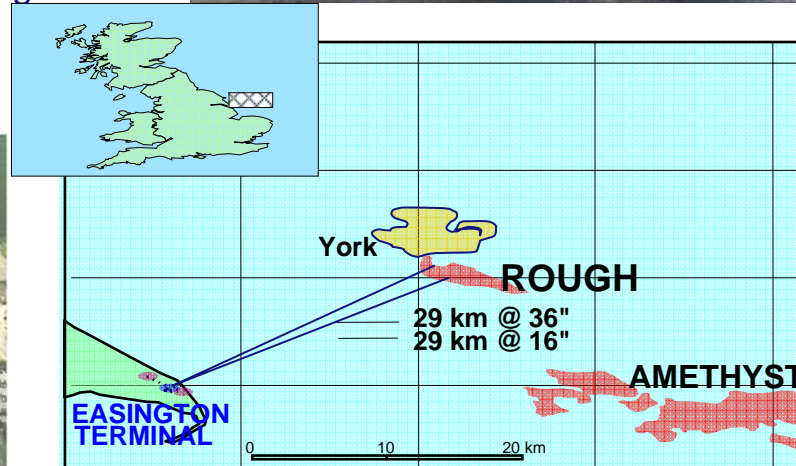
74% of UK Storage Space
Del rates of 45 mcm
Inj rates of 16 mcm



47/8A



Easington Terminal
Rough gas processing
Amethyst gas processing
Tie in to National Transmission System



**Venture House,
Staines - HQ**

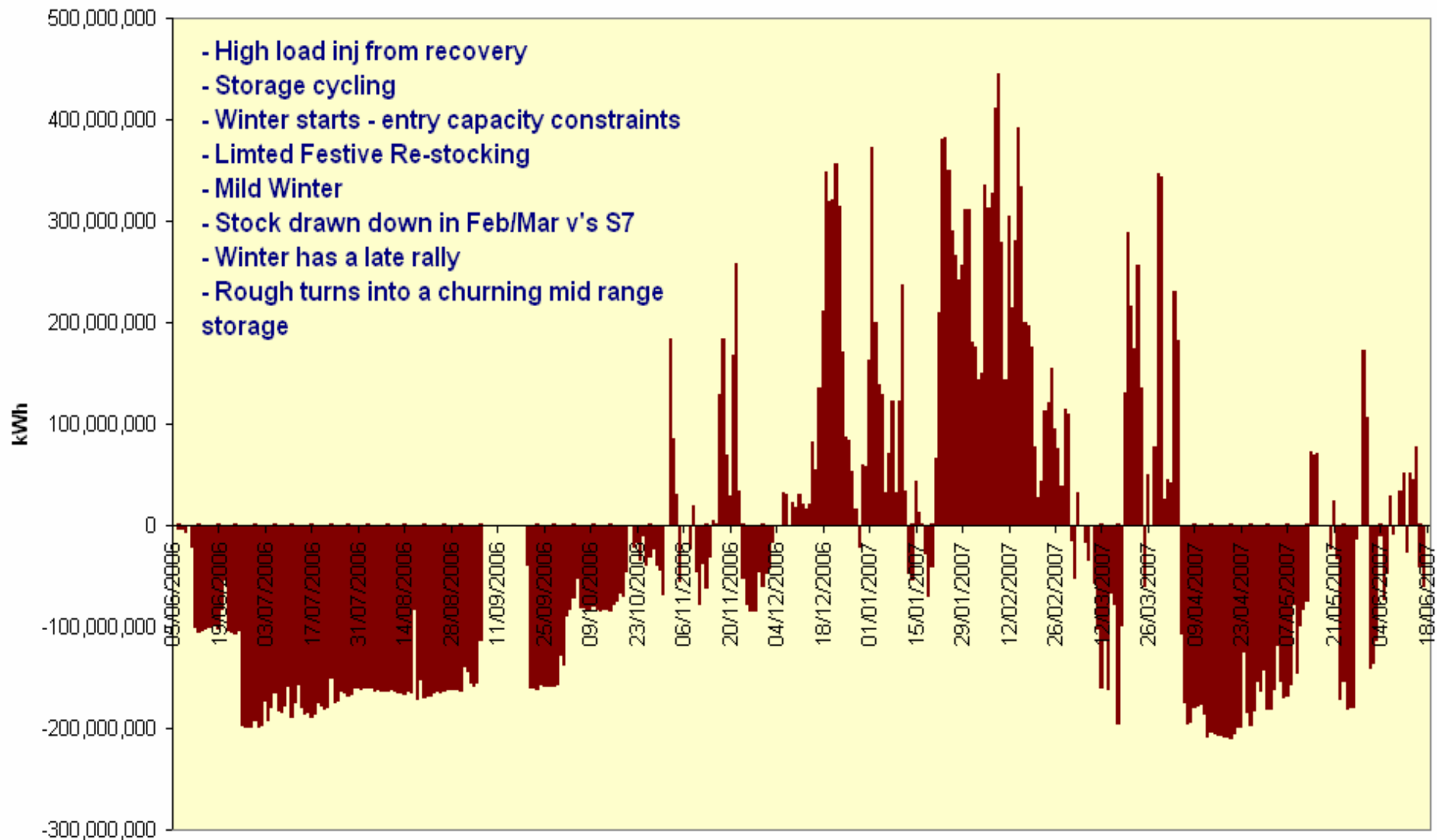
A decorative graphic in the top-left corner consisting of a blue square with an orange diagonal line running from the top-left to the bottom-right.

Centrica Storage delivered

- Restored operations of both injection and withdrawal capacity allowing Rough to be filled and available to customers for winter '06
- Conducted and participated in internal and external investigations into the cause of 16th February 2006 incident
- No enforcement action by regulatory authorities
- No LTI's despite > 500,000 man hours of effort in recovery project
- Exceptional charge £48m.
- 100% of customer nominations achieved

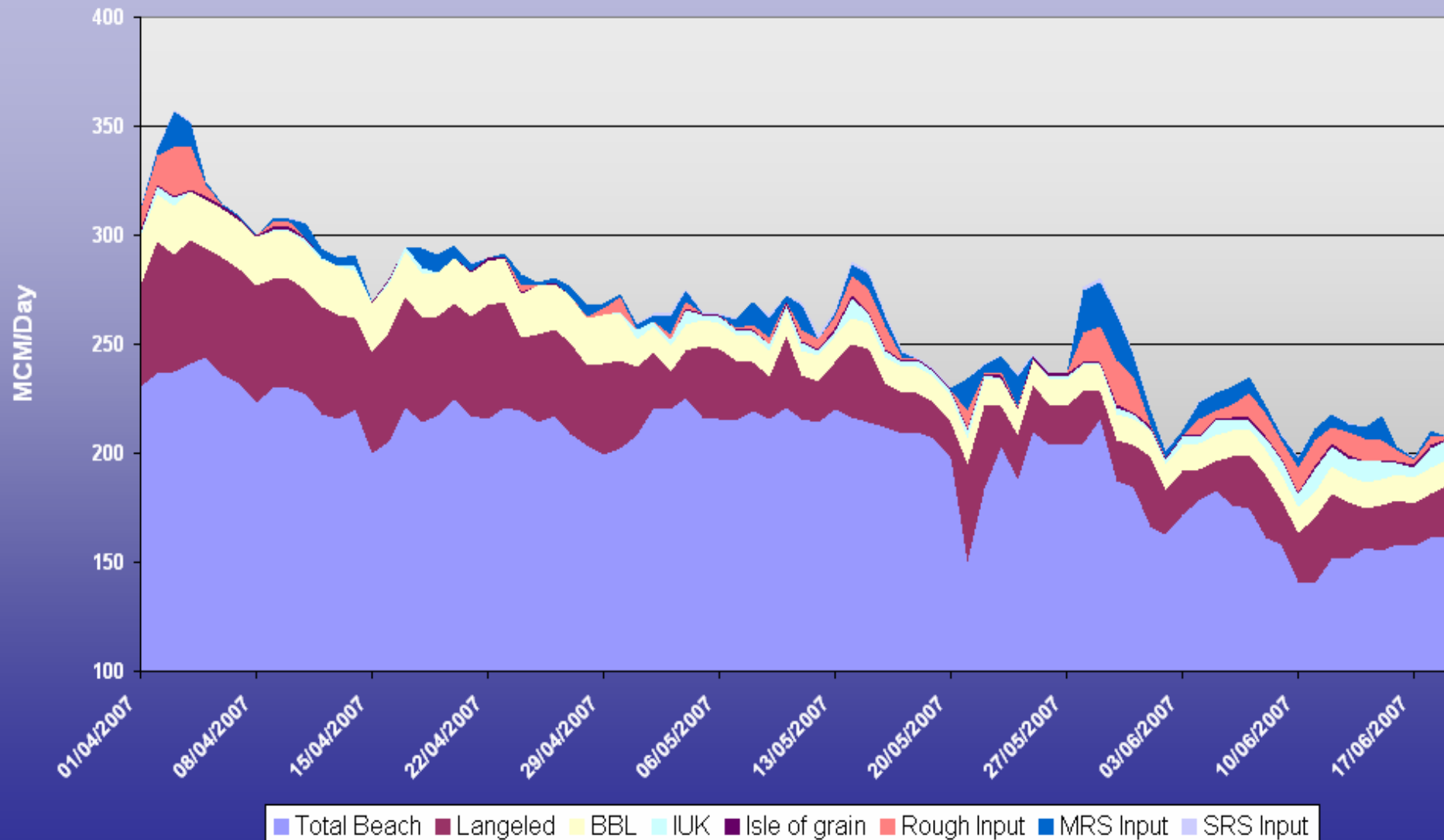
2. Rough Storage Flows – June 2006 >

Net Rough Flows



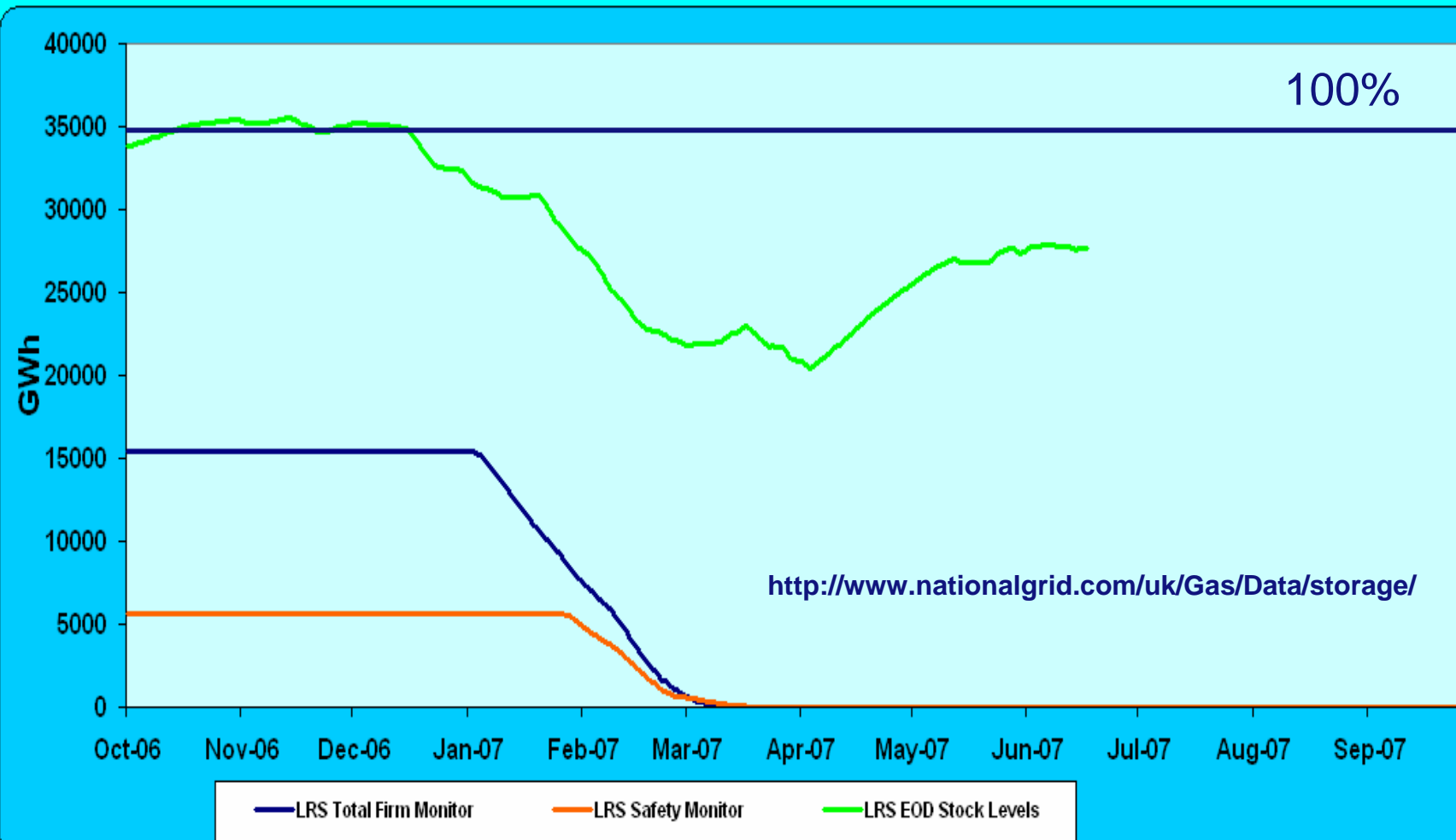
Summer Outlook 2007

Load Duration Q2 07



Storage Inventory (Available to All)

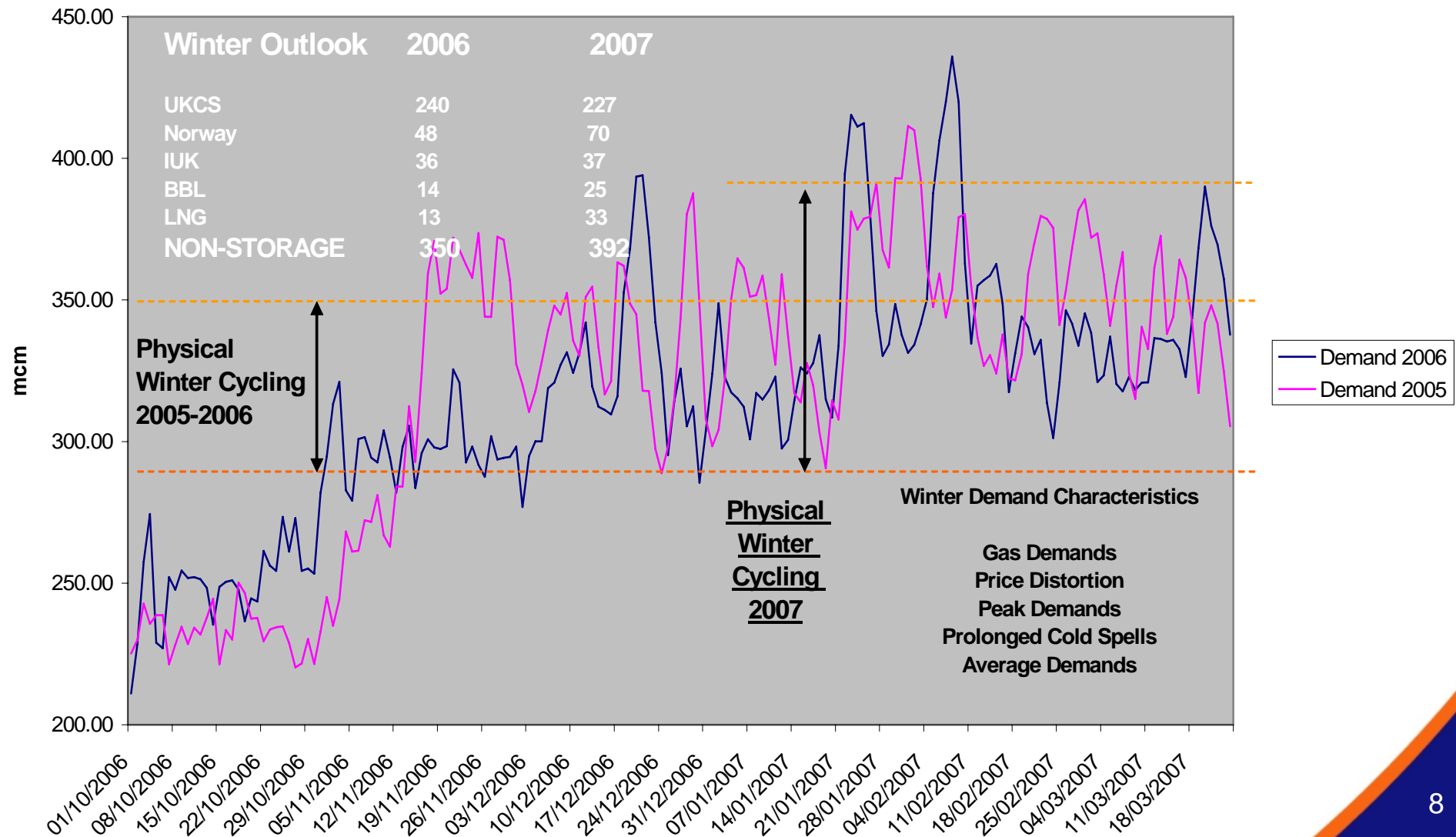
LRS Storage Monitors



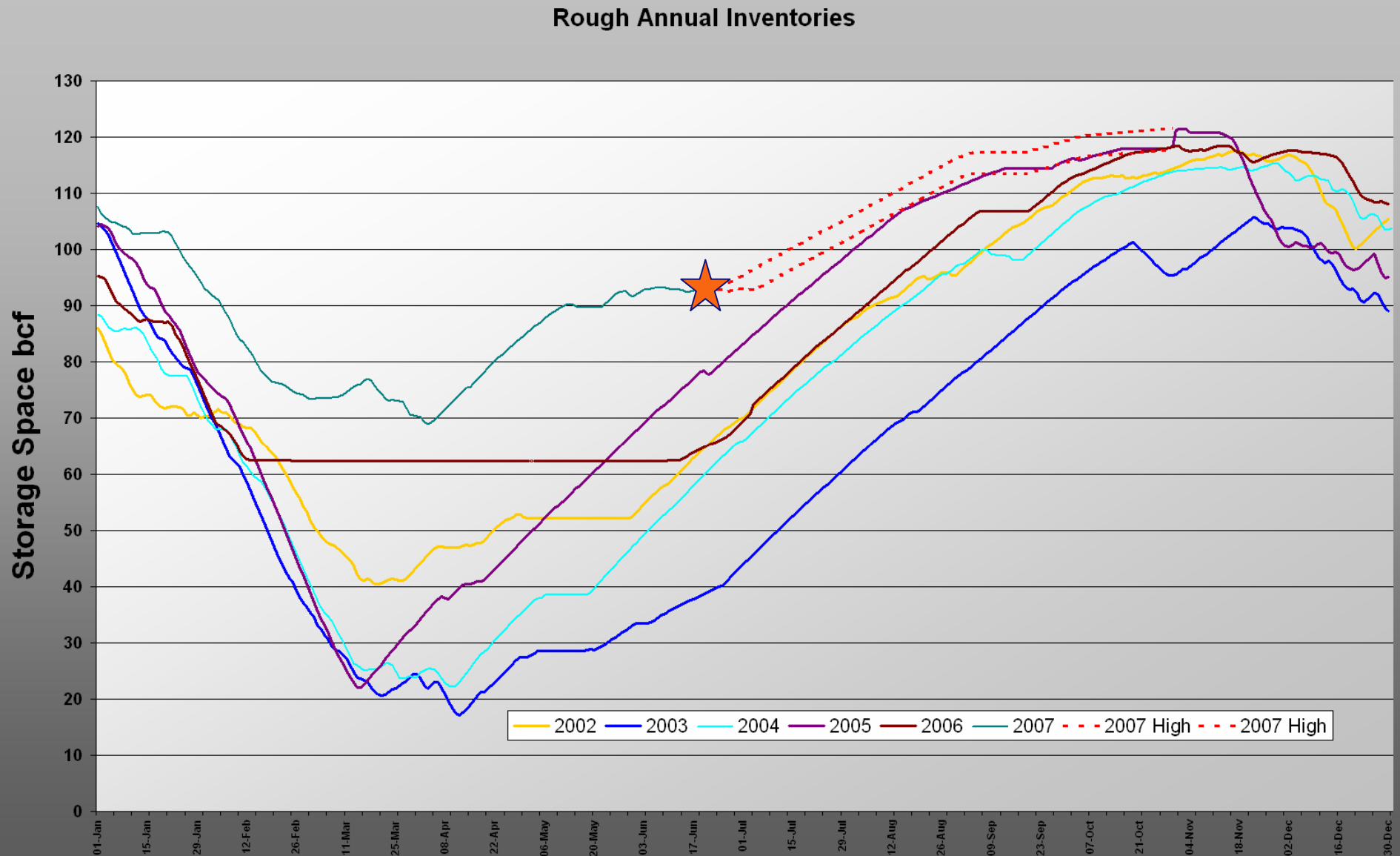
| | | | | | |
|------------------|---------------------|------------------------|-----------------|-----|------------------|
| At 0600 hrs on : | 18-June-2007 | Stock Level = | 27,635.5 | GWh | (79.9%) |
| At 0600 hrs on : | 19-June-2007 | Stock Level = | 27,694.6 | GWh | (80.1%) |
| | | Safety Monitor Level = | 0.0 | GWh | (0.0%) |

3. Storage Cycling

Winter Demands - Storage Cycling



4. Forecast Injection for Summer 07 - Historic and Planned Inventory Levels



5. Entry Capacity – Functioning Market

Issue

- The provision by National Grid of flexible entry capacity across the entire NTS – both physically and contractually to meet the changing dynamics of the GB gas market?
- Functioning market
 - Responding to signals
 - Dynamic – always the need for change
 - Appropriate mechanism for facilitating change
 - Regulatory debate



Entry Capacity Trades and Transfers

- What is it?
- Part of Price Control Package
- Essential for economic and efficient operation of the NTS
- Revenue set on NG implementing this measure

However

- No modification to the rules in place (18 months of discussion)
- Shippers seeking to resolve risk reward with NG
- No incentive on NG to own the problem

Consequence

- Likelihood of marginal gas sources being constrained

Action (Ofgem)

- Ofgem must focus NG attention on delivering a workable solution – keep pressure on to deliver!
- Open letter (19th June) welcomed and a great start

Action (National Grid)

- Present an 'implementable' solution on entry capacity
- Reassure the shipping community

Action (Shippers)

- Engage/challenge NG on modifications to rules
- Assist NG on reform to the interruptible regime
- Assist NG to develop greater transparency on Grid usage

Conclusions

- Restored operations of both injection (112 days) and withdrawal capacity with intensive project management in terms of man hours / capital employed after catastrophic failure of cooler unit
- No enforcement action by regulatory authorities
- 100% of customer nominations achieved – 99% physically
- Wet running – likely to stay
- Key enhancement projects at Rough ongoing to create more storage capacity
- Release of V STORE
- Key now the provision of sufficient flexible entry capacity across the entire network –
 - network changing from North South flows
 - Assumed high load factor pipelines
 - Divertible LNG and interconnected loads

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