

Winter '07 a Consumer View

Eddie Proffitt

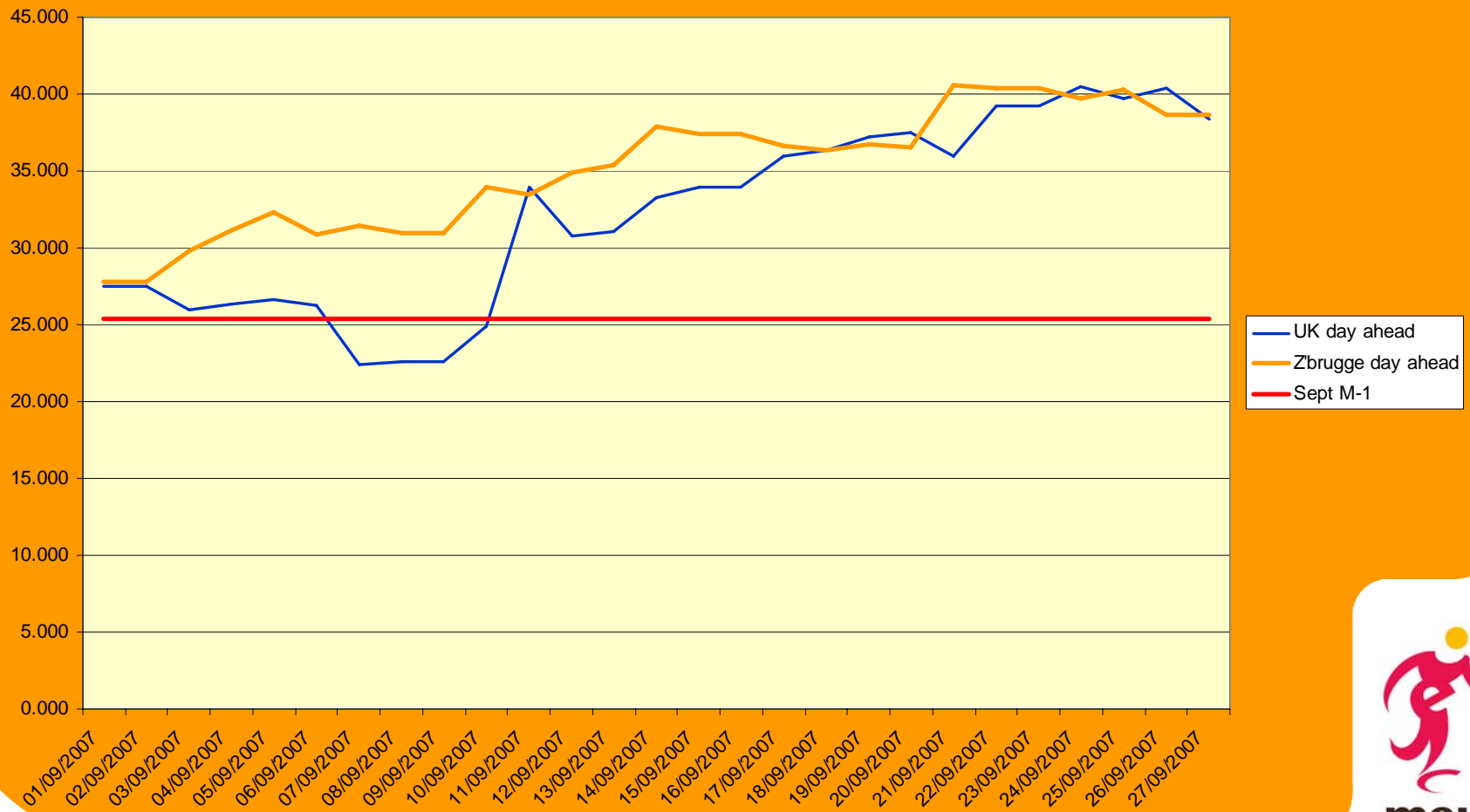
**Gas Group Chairman
Major Energy Users' Council
(meuc)**



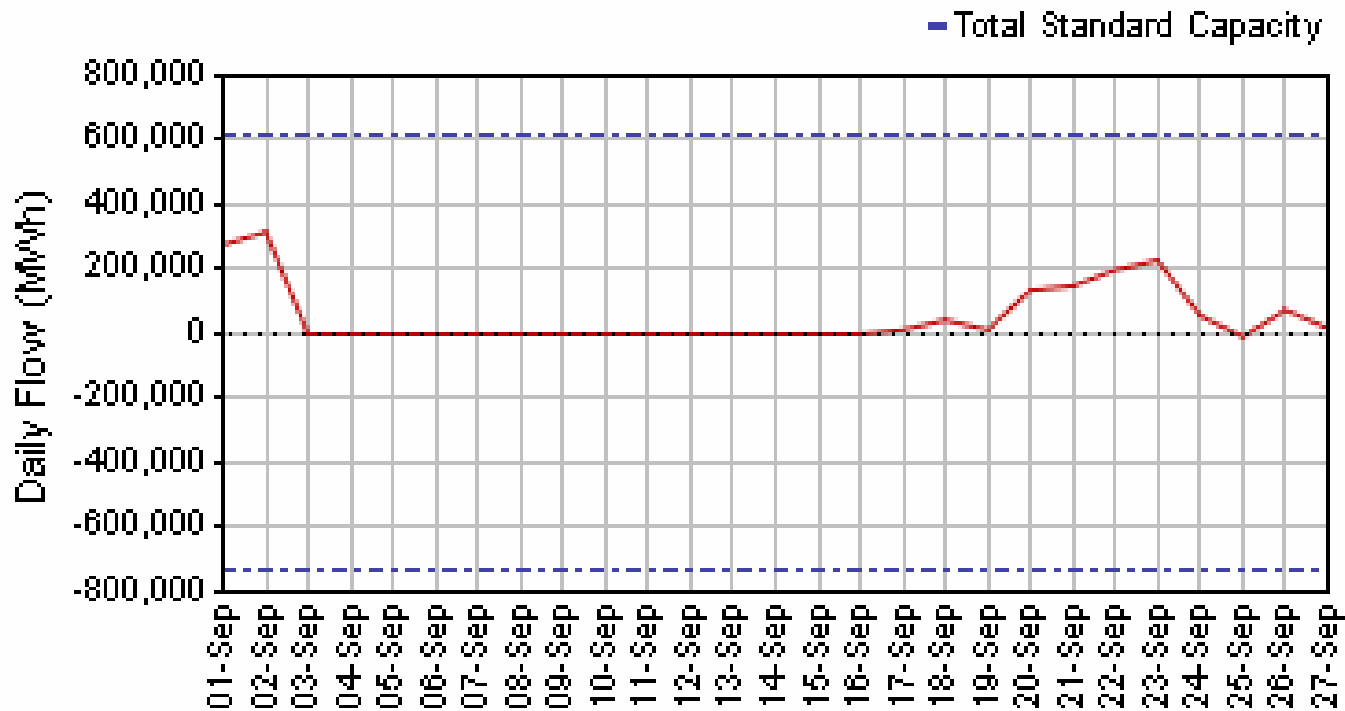
The Buyer's Dilemma

- To fix or not to fix?

NBP v Zeebrugge Day Ahead September 07



IUK Flows – Sept 07



Forward Prices – Thursday 27/09

- winter 06/7 26.00
- **W.D.** **42.50** **demand 245 mcm**
- Nov 42.40
- Dec 45.50
- Jan 48.75
- Feb 47.75
- Mar 44.10

Member Quote

- Last winter spot gas prices averaged less than 26p/therm, the NG winter outlook report shows an improved supply situation for the coming winter compared to last although we cannot rely on demand across the whole of Europe being as low as last year because of the very mild winter. This leads us to expect that spot prices will outturn above last winter but below the current winter future contract price. The winter futures price briefly dipped below 40p in February but other than this has remained above this level. Whilst we have bought some of our gas forward, once again we will be going into the winter with a significant exposure to spot prices, we have another nervous few months ahead of us.
- Of as much concern is the price for summer 08, with oil over \$80 and as I write this sum-08 gas at 38p/therm and sum-08 electricity at £41.10/MWh. Summer electricity is now priced above winter-07!

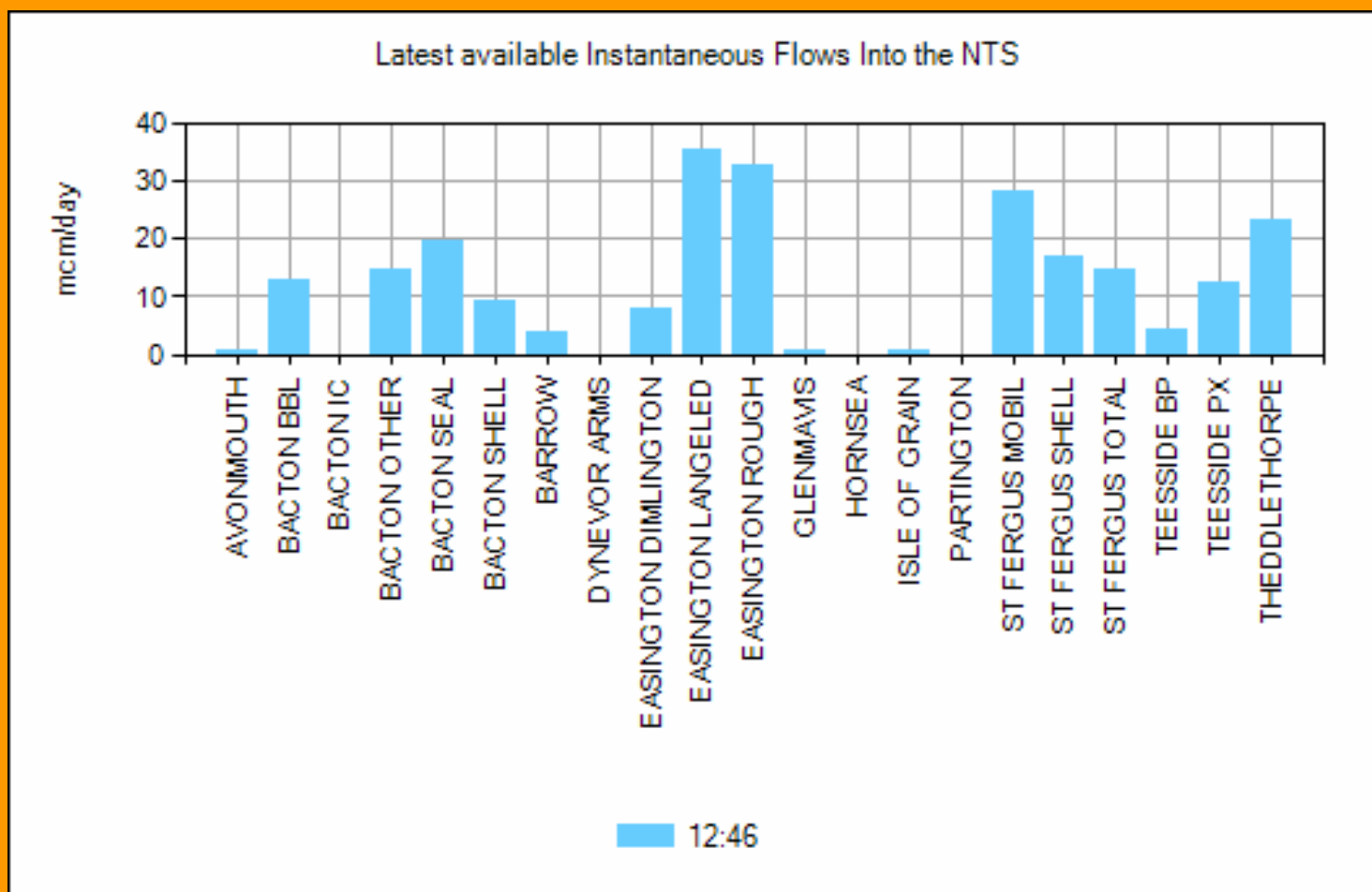
Member quotes

- “I personally remain suspicious about the involvement of Banks in talking up the price for short-term profit, regardless of supply position.”
- “Most end user customer regard the money making activities of financial institutes as despicable and instead of adding liquidity they are really adding volatility to the market for financial benefit.”
- “Our major concern is the necessity to demand-side manage, due to plant changes since 2005/6 we are now less likely to be able to react.”

NGG– Daily Summary Report

- **An invaluable tool**
- Review group 140 to examine the information provided on the current NG Gas web site
- Intention to make the site more reactive and user friendly

Energy Flow Data Friday 28/09



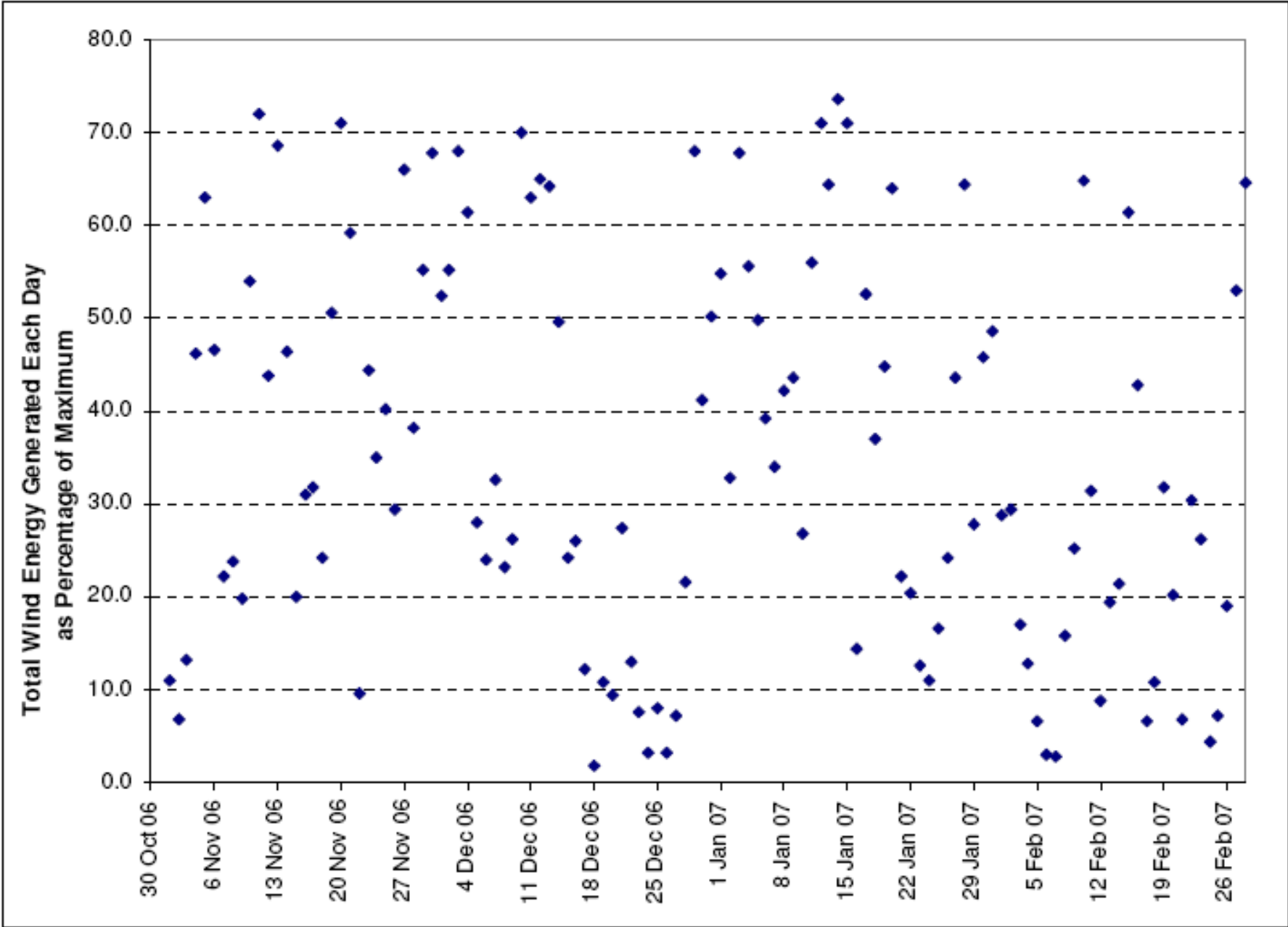
New Data Available

- Mod 97a
 - Physical Interconnector Flows
- Mod 104
 - Physical LNG Stocks at Importation Facilities
- Mod 121
 - Physical Exit Flows at NTS Exit Points

Electricity

- Supply position more certain than gas
- New daily summary report to be produced
- Ageing plant
- Carbon influence
- Increased wind generation
- Embedded generation

Figure 27 – Wind Output, daily output as % of maximum



Energising Europe

- Ofgem and MEUC activity
- Unbundling – transmission from supply
- TSO co-operation
- Regulatory agency
- Consumer protection
- Transparency

Energising Europe

“Greater transparency: Steps to improve market transparency on network operation and supply will guarantee equal access to information, make pricing more transparent, increase trust in the market and help avoid market manipulation.”

European Activity

- European TSO Investment Questionnaire
 - <https://www.formdesk.com/dte/survey>
- 3rd Energy Industry Delegation to Brussels
 - 8 & 9 October 2007
 - sandra.barradas@meuc.co.uk
 - Tel 0208578466