Winter Outlook 2007/8

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Network Operations

Ofgem Seminar 2 October 2007

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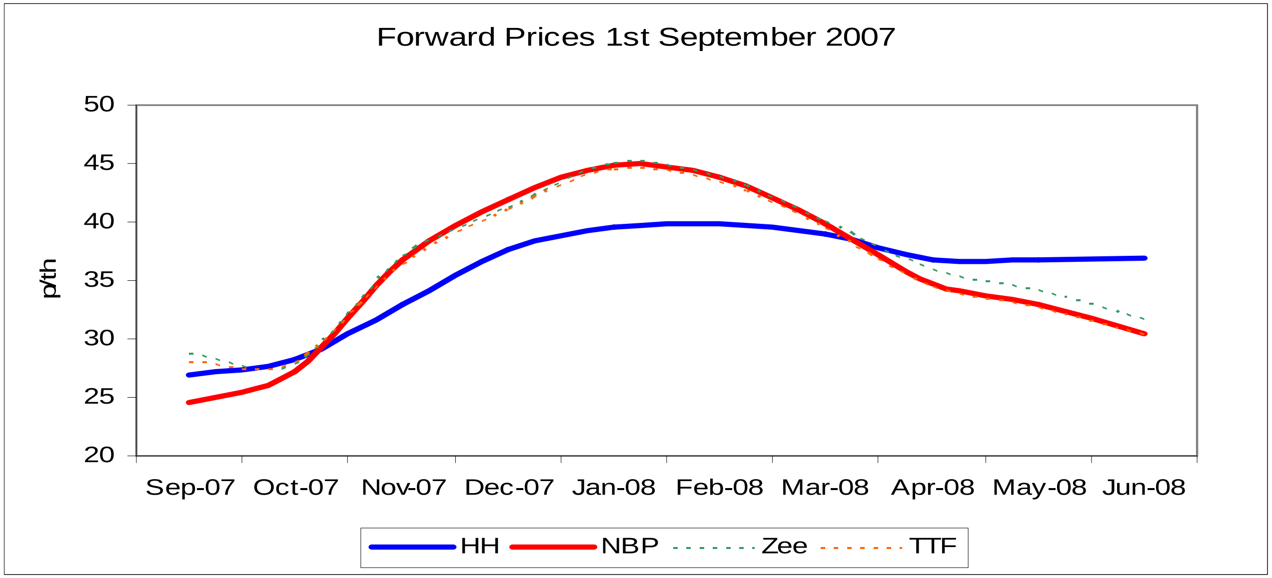
Agenda

- Improving Demand-Supply Balance
- Transportation issues
- Infrastructure Developments
- Unforeseen events
- Increased Transparency

Gas Supply

- **UKCS supply decline more than offset by LNG expansion**
- **Milford Haven - Dragon reported by developers as Q4 2007**
- **All LNG is subject to risk of cargo diversion to US and other markets**
- **Price signals imply strong flows to Europe**



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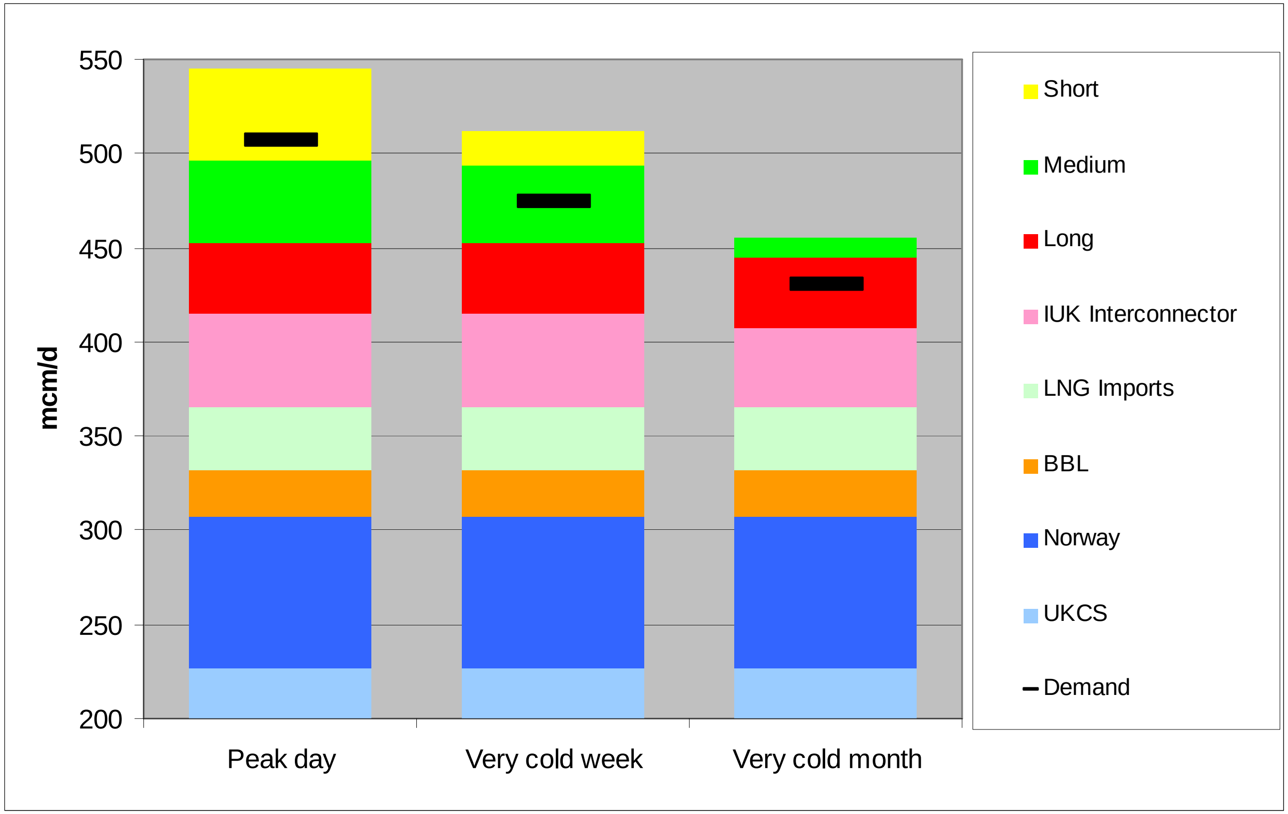
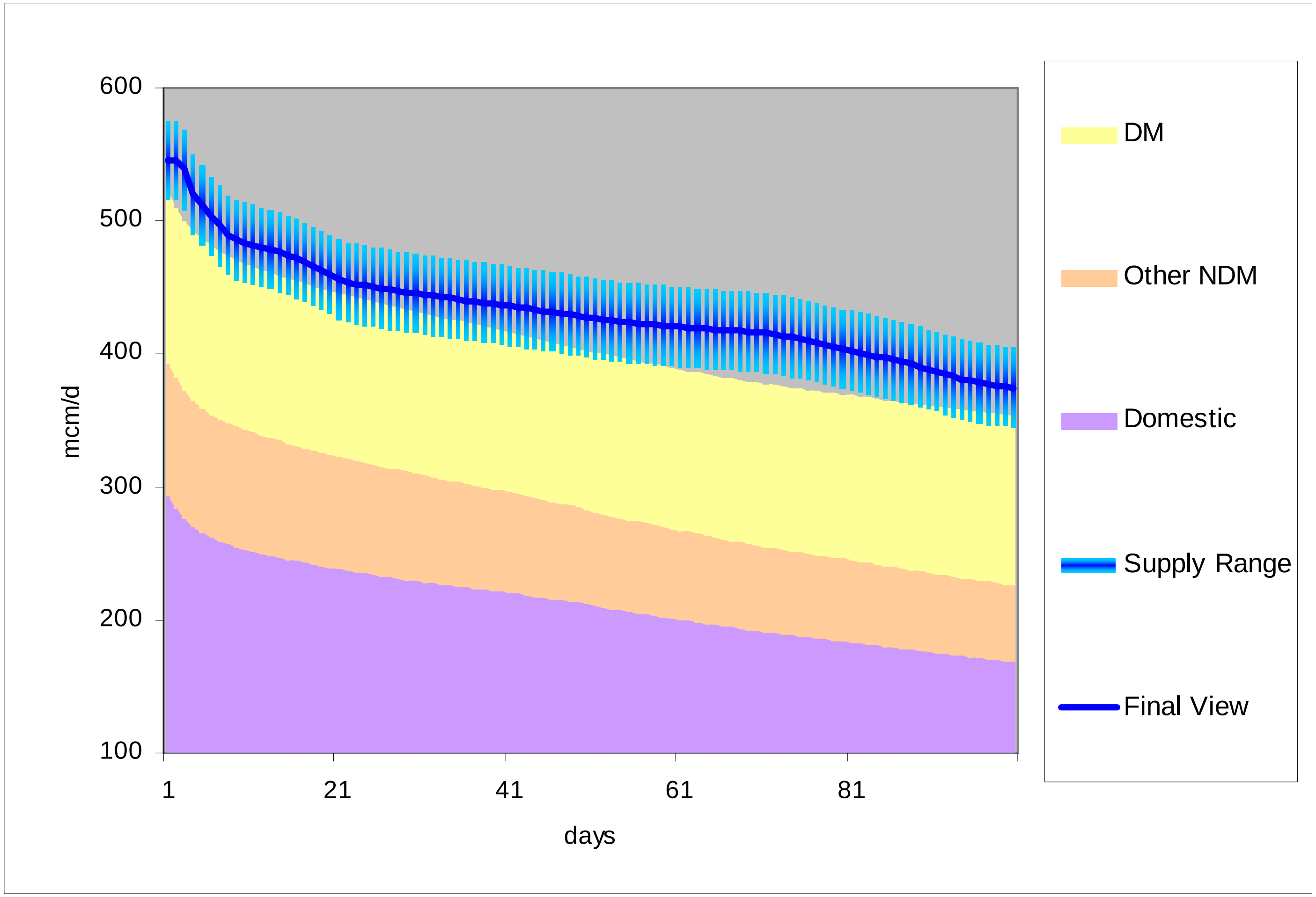
Balance - Peak Periods



Demand-Supply Balance - 1:50 winter



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Electricity

- Plant margin 23%
- 0.3 GW new renewables in Scotland
- No demand growth
- LCPD – 1 January 2008 – no material impact
- ETS II starts 1 January 2008
- Coal is preferred to gas throughout the winter
- Notified Unavailability at historic levels

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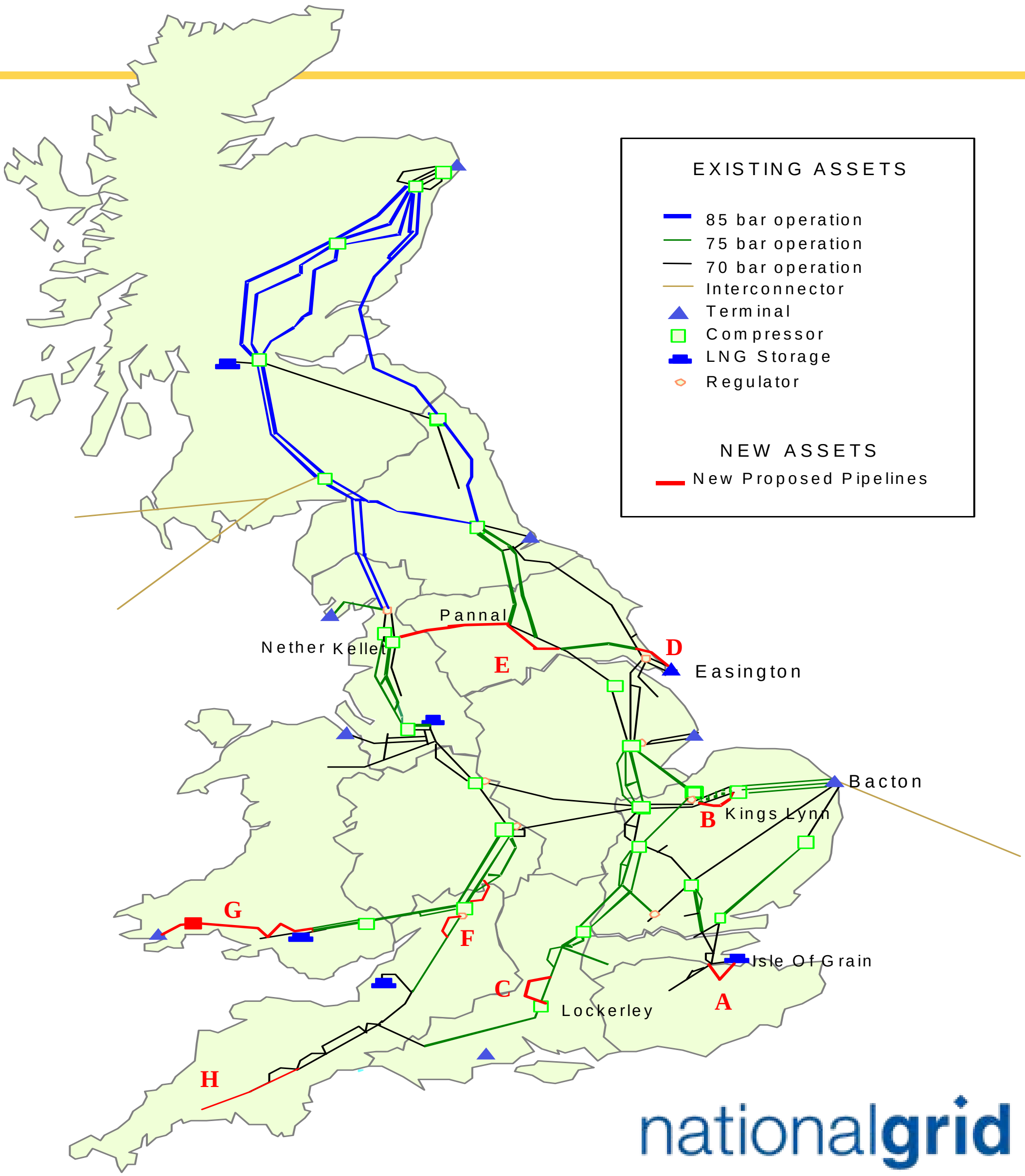
Transportation Issues

- Supply Pattern
- Easington
- Trade & Transfer
- Milford Haven



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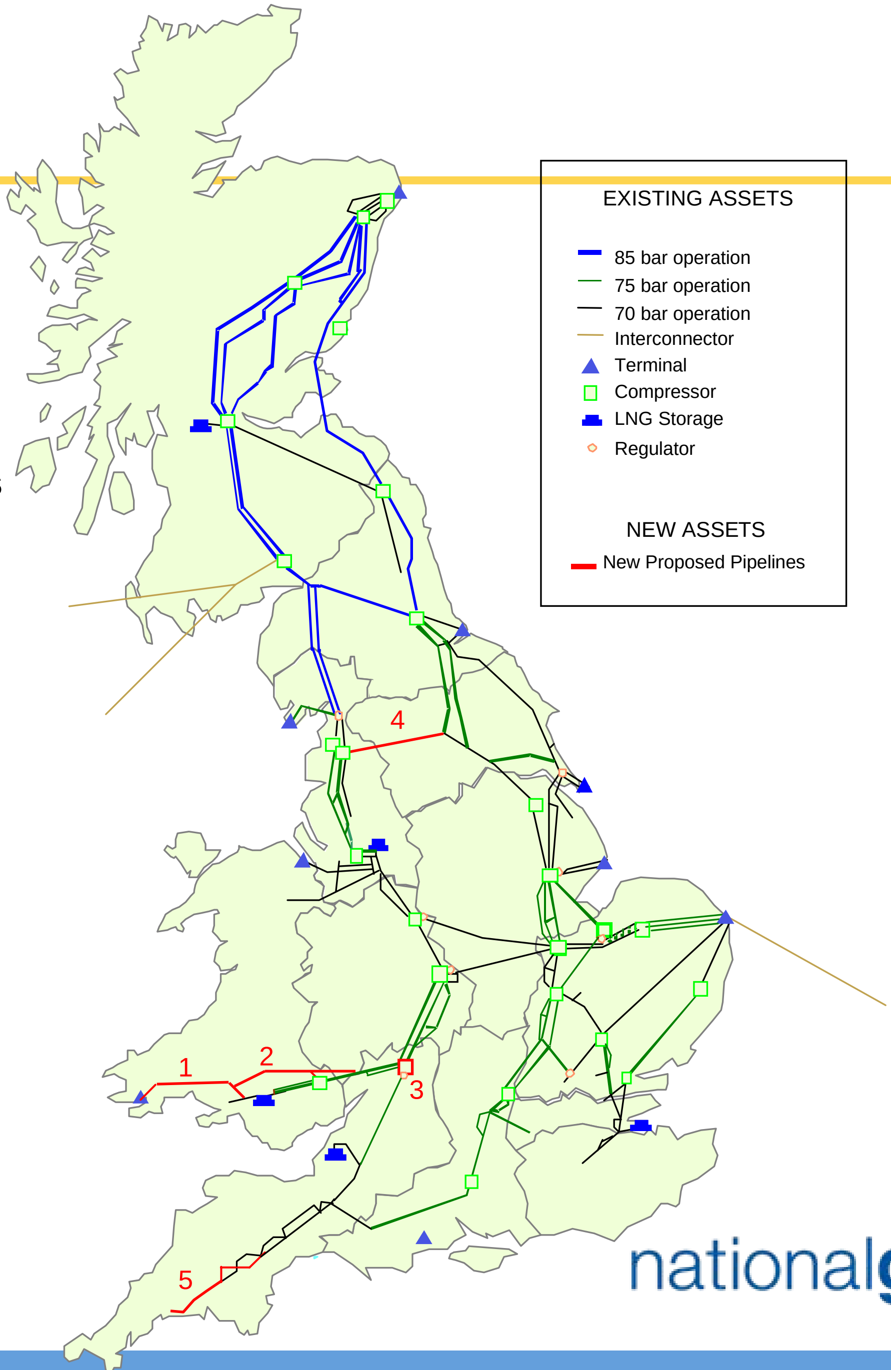
Developments

2007/08 NTS Reinforcement

- **1 Milford Haven to Aberdulais + PRI**
- **2 Felindre to Tirley + 2 PRIs**
- **3 Wormington Multi-Junction Modifications + New Unit**
- **4 Pannal to Nether Kellet**
- **5 SW Reinforcement – Langage Power Station**



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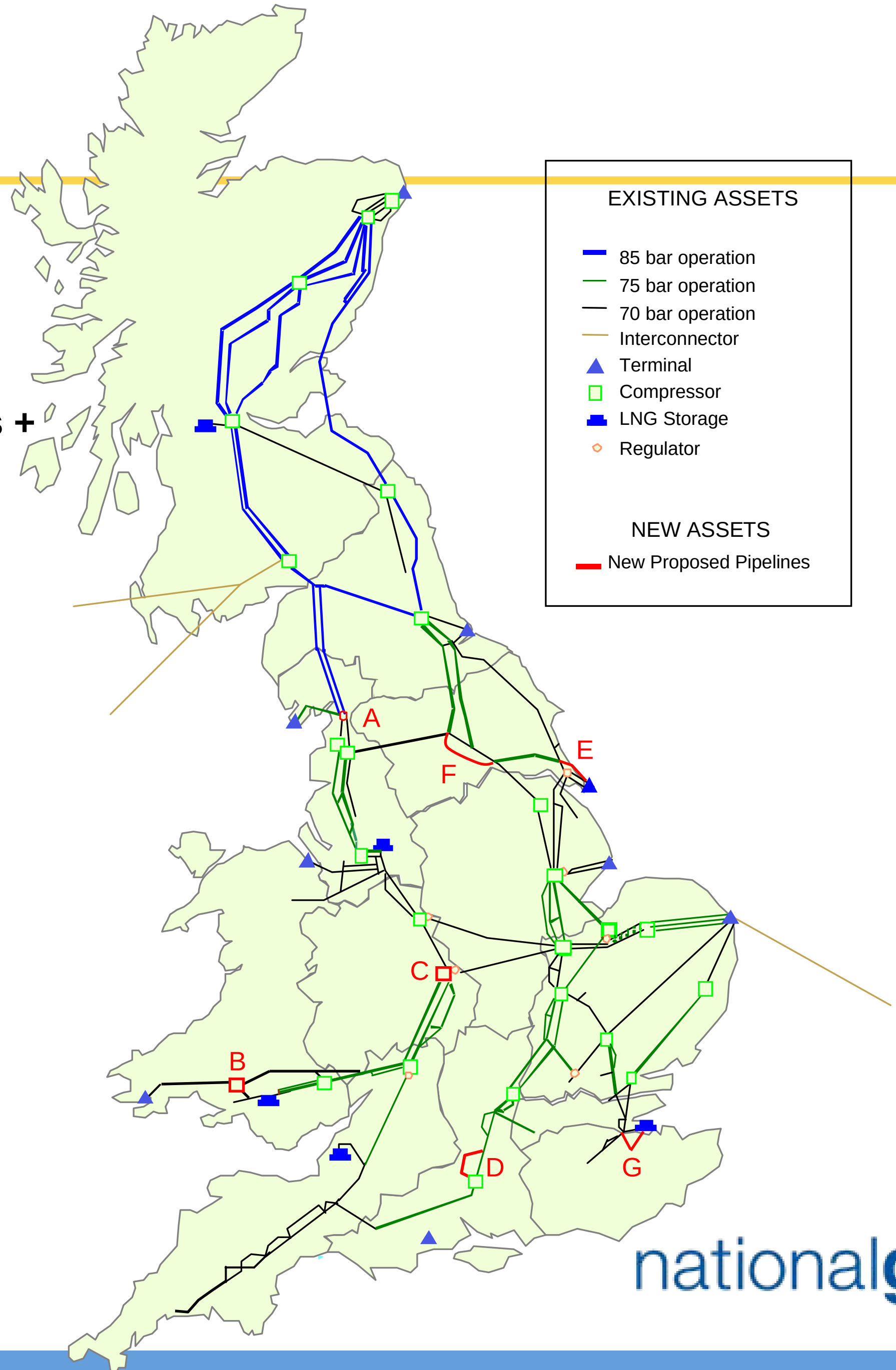
2008/09 NTS Reinforcement

- **A Longtown PRI**
- **B Felindre Compressor**
- **C Churchover Multi-Junction Modifications + New Unit**
- **D Barton Stacey to Lockerley**
- **E Easington to Ganstead**
- **F Asselby to Pannal**
- **G Isle of Grain to Gravesend**



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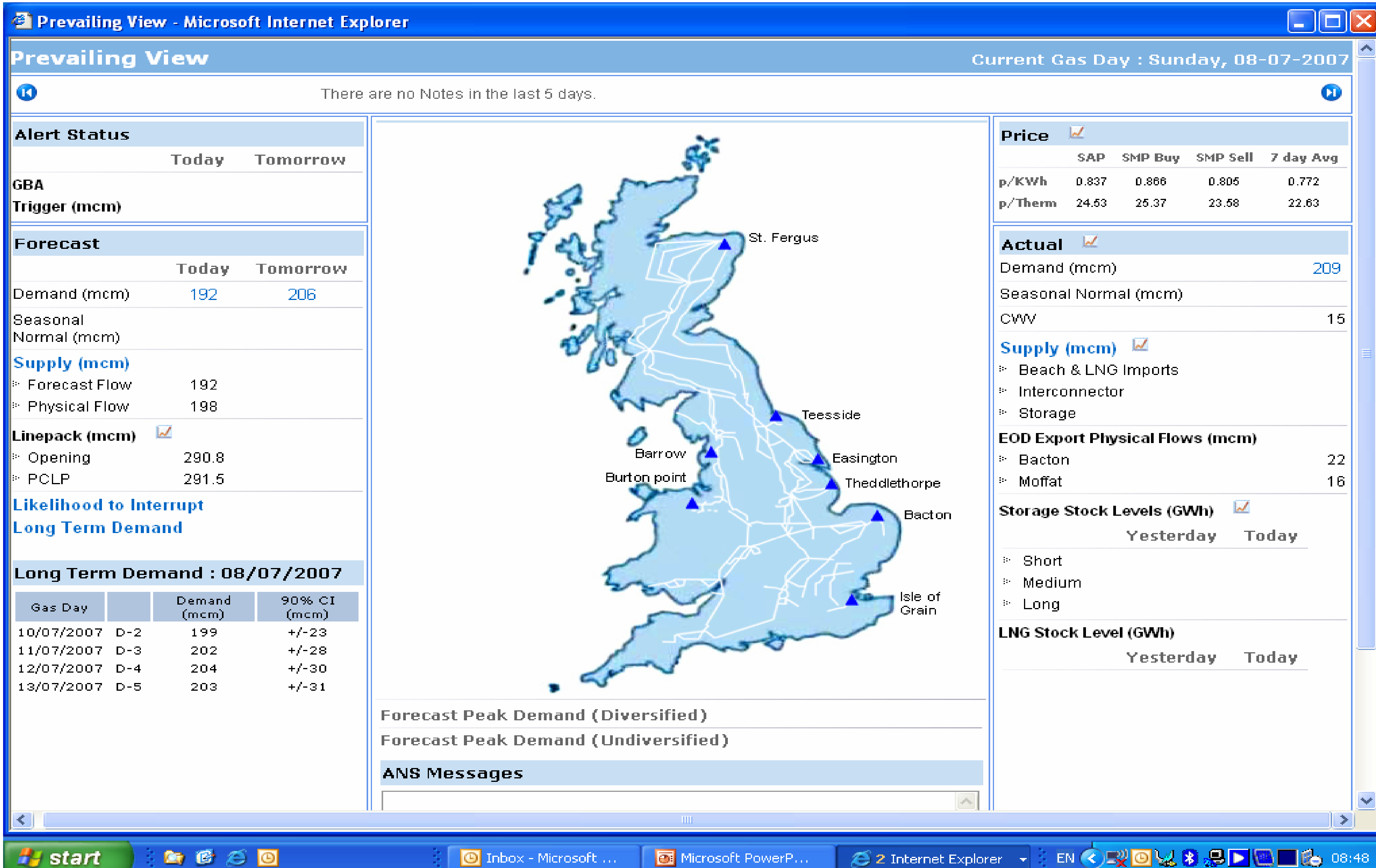
Shocks

Gas Data Provision - MIPI



Prevailing View - Microsoft Internet Explorer

Prevailing View — Current Gas Day : Sunday, 08-07-2007

There are no Notes in the last 5 days.

Alert Status

	Today	Tomorrow
GBA Trigger (mcm)		

Forecast

	Today	Tomorrow
Demand (mcm)	192	206
Seasonal Normal (mcm)		

Supply (mcm)

Forecast Flow	192
Physical Flow	198

Linepack (mcm)

Opening	290.8
PCLP	291.5

Likelihood to Interrupt

Long Term Demand

Long Term Demand : 08/07/2007

Gas Day		Demand (mcm)	90% CI (mcm)
10/07/2007	D-2	199	+/-23
11/07/2007	D-3	202	+/-28
12/07/2007	D-4	204	+/-30
13/07/2007	D-5	203	+/-31

Forecast Peak Demand (Diversified)

Forecast Peak Demand (Undiversified)

ANS Messages

Price

	SAP	SMP Buy	SMP Sell	7 day Avg
p/KWh	0.837	0.866	0.805	0.772
p/Therm	24.53	25.37	23.58	22.63

Actual

Demand (mcm)	209
Seasonal Normal (mcm)	
CWV	15

Supply (mcm)

- Beach & LNG Imports
- Interconnector
- Storage

EOD Export Physical Flows (mcm)

Bacton	22
Moffat	16

Storage Stock Levels (GWh)

	Yesterday	Today
Short		
Medium		
Long		

LNG Stock Level (GWh)

	Yesterday	Today

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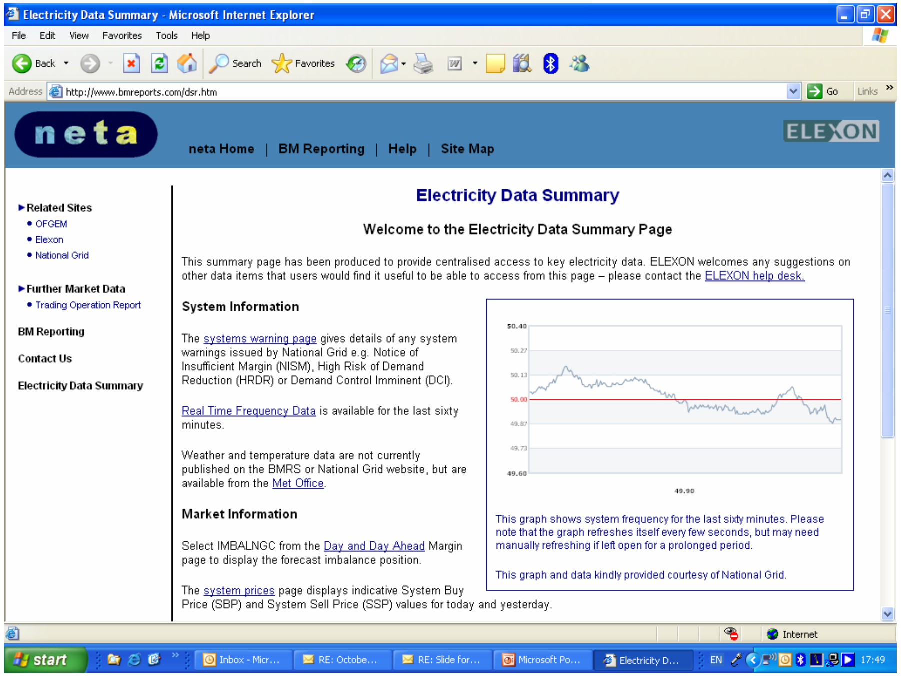
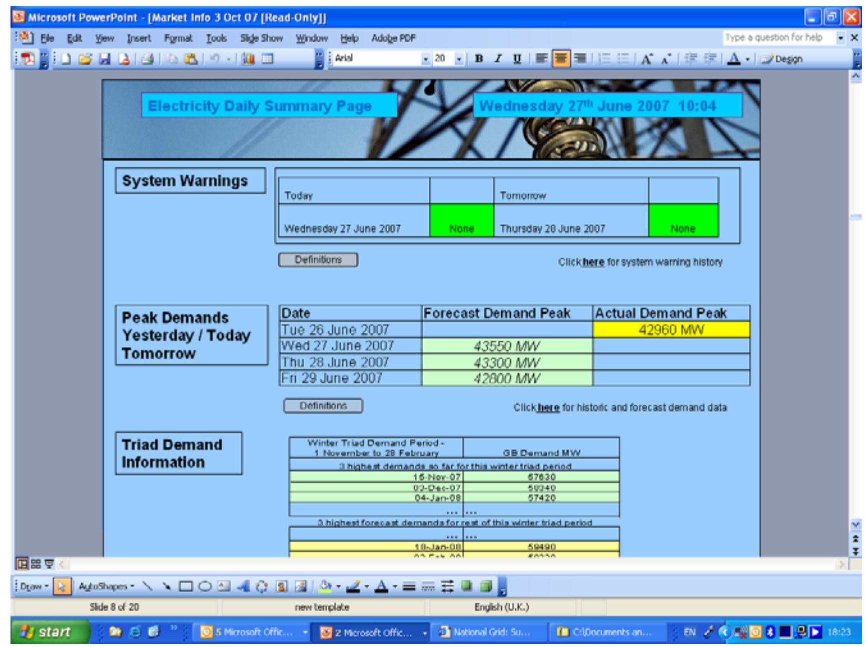
Electricity - Information Transparency





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Winter Consultation Process

- Within winter updates will be posted regularly on National Grid website
- Preliminary Winter 2008/9 Consultation in mid/late May 2008. Responses sought by early July 2008
- Ofgem/National Grid event summer 2008
- Final Winter 2008/9 Consultation Report in late September 2008

Summary

- **Demand-Supply Balance Improve**
  - Lowest ever Safety Monitors
- **Uncertainties:**
  - Weather
  - Will demand bounce back?
  - Further infrastructure investments
  - European market interaction – electricity and gas
  - LNG – a world market
- **Can't afford to be complacent**
- **Transparency initiatives**
- **Feedback by 9 November**

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