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NATIONAL GRID'S CONSULTATION ON ENERGY SUPPLIES FOR WINTER 2008-2009 PUBLISHED

Energy regulator Ofgem has today (Tuesday) published National Grid's preliminary consultation on the availability of gas and electricity supplies for winter 2008-2009. National Grid produces the report to help major industrial users, suppliers and other large customers plan ahead for each coming winter.

National Grid's consultation suggests there could be an increase in gas import capacity if two liquefied natural gas (LNG) terminals in south Wales are completed on schedule. The existing Isle of Grain LNG terminal is also due to be expanded for this winter. In electricity National Grid says supplies will be able to meet demand during the winter and that there will be a spare capacity margin of 26.8 per cent, which is higher than in recent winters.

The LNG import facilities have potential to deliver a combined total of around 70 million cubic metres of gas per day if they are fully utilised. Britain increasingly has to compete with Europe and other countries across the world to attract LNG. Britain's ability to attract this gas will depend on how much suppliers are prepared to pay compared with competitors in other countries. There is also the possibility of increased flows of Norwegian gas through the Ormen Lange pipeline. However Norwegian gas producers may decide to divert some of this extra gas to Europe as was seen during winter 2007-2008.

Industry stakeholders are encouraged to respond to either National Grid or Ofgem with their views on the consultation. A seminar on the winter outlook will be staged on September 10 and the final report will be published in the last week of September.

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1. A copy of the Winter Outlook consultation can be downloaded from <http://www.ofgem.gov.uk/MARKETS/WHLMKTS/CUSTANDINDUSTRY/WINOUT2008/Pages/WinOut2008.aspx> It can also be downloaded from National Grid's website: www.nationalgrid.com

2. A copy of Ofgem's fact sheet on security of gas supplies can also be downloaded at this link: <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=62&refer=MEDIA/FACTSHEETS>

3. Britain uses around 100 billion cubic metres of gas a year and the record amount of gas used in a day stands at 440 million cubic metres in January 2003.

4. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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