

Winter Outlook Event

James Lawson
Gas Storage Operators Group

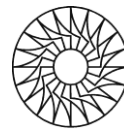
Who is Gas Storage Operators Group?

Mission Statement

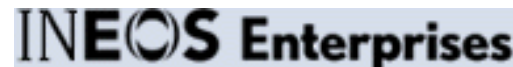
To maximise investment opportunities in onshore and offshore gas storage through the pursuit of shared learning and effective lobbying



A company of **GDF SUEZ**



Canatxx Gas Storage Limited



Incentivising New Storage Capacity (1):

- **Crown Estates**
 - To realign itself with Government Policy
 - Desist from extracting monopoly rents
- **Fiscal Reform**
 - Cushion Gas and Salt Drilling allowances welcomed
 - Could be extended to cover other salt capex
- **Planning Act Reforms**
 - Certainty of process
 - Future of IPC
- **Market Operation**
 - Remove the threat of market interference / Strategic Storage

Incentivising New Storage Capacity (2):

- Remove Regulatory Uncertainty
 - Clarity of nTPA regime **NOW!**
 - NTS Entry Capacity Regime: introduce pro storage reforms (credit and substitution proposals may significantly increase barriers to entry)
 - NTS Exit Capacity Regime: baseline reflective of current and previous asset performance
- Reduce Regulatory Complexity
 - Auctions
 - UNC Evolution
- National Grid
 - Introduce legal obligations to deliver NTS Storage Connections
 - Reform Network Code to accommodate co-mingled facilities

Where we are today?

- Centrica Storage
 - Archaeological work ongoing at Caythorpe
 - Preparatory work towards FID ongoing on Bains/Baird
 - Planning consent for Bains.
- Canatxx Gas Storage Ltd
 - Resubmitted Planning Application in February 2009
 - Working with Lancashire County Council to get application into a position where it can be put before Planning Committee
 - With the exception of one Borough Council, all public consultees now signed off
- Storengy
 - Started Solution mining of Stublach first ten cavities in September 2009
 - Stublach phase 1 will be operational in Q3 2013

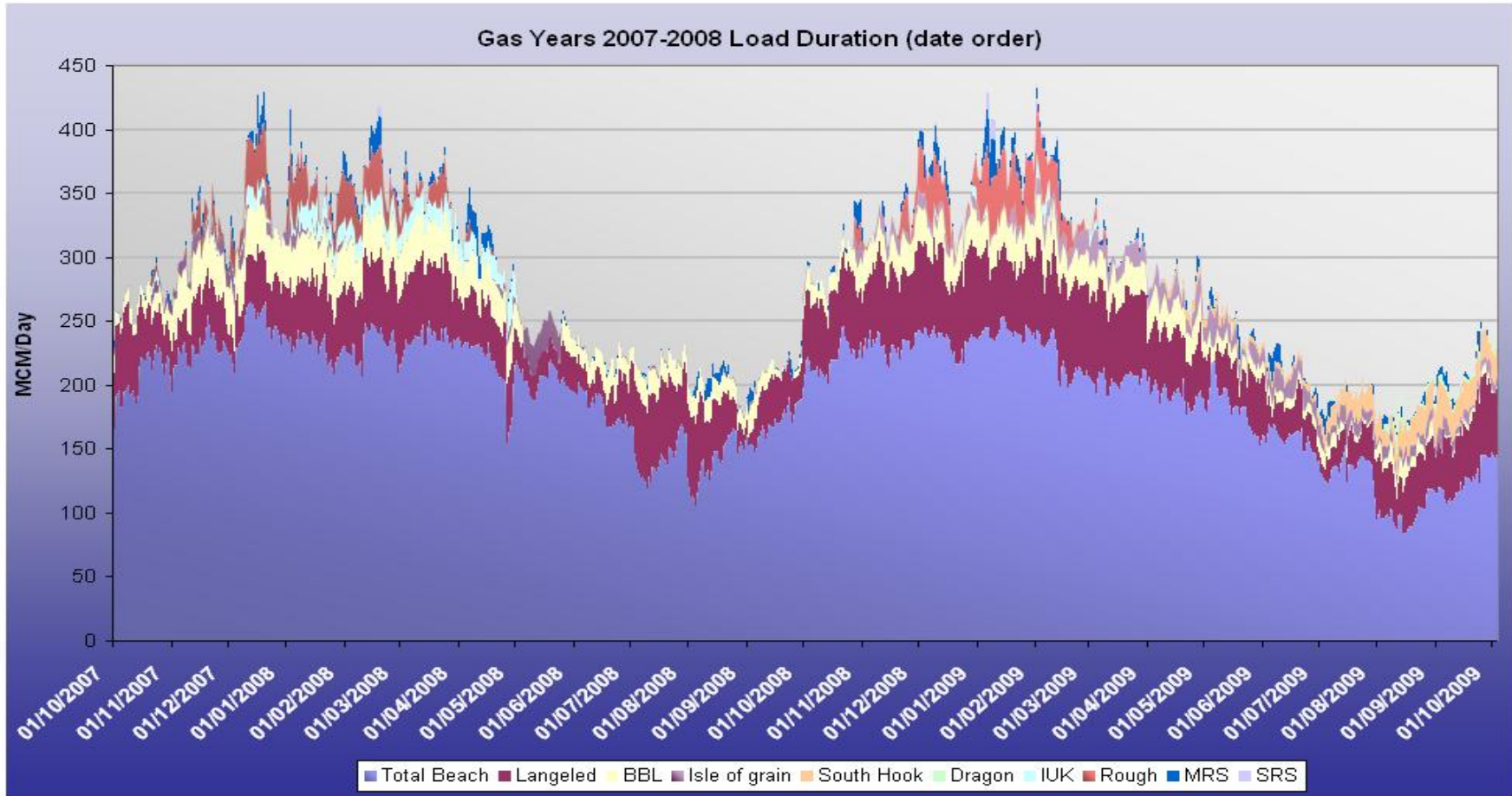
Where we are today?

- **E.ON Gas Storage**
 - Solution mining at Holford progressing to schedule
 - 1st phase due to be operational in 2nd half of 2011
- **WINGAS Storage UK Ltd**
 - Saltfleetby onshore depleted reservoir
 - Public Enquiry in December 2009
- **Portland Gas plc**
 - Initial site works have commenced on wellpad area at Portland
 - Process to introduce investors into the Portland project company commenced in July
 - Planning application for Islandmagee Storage Project in NI to be submitted by end of year

Where we are today?

- **Bord Gáis Éireann (BGE)/Storengy**
 - Seismic survey is underway for North East Storage project in Larne area, Co. Antrim, Northern Ireland
 - Data analysis to be completed in Q1 2010, test drill to follow later in 2010
- **EDF Energy**
 - Preparation work prior to starting the de-brining of cavities at Hill Top Farm

Matching Demand over the last 2 gas years



Forecast non storage flows for winter 09

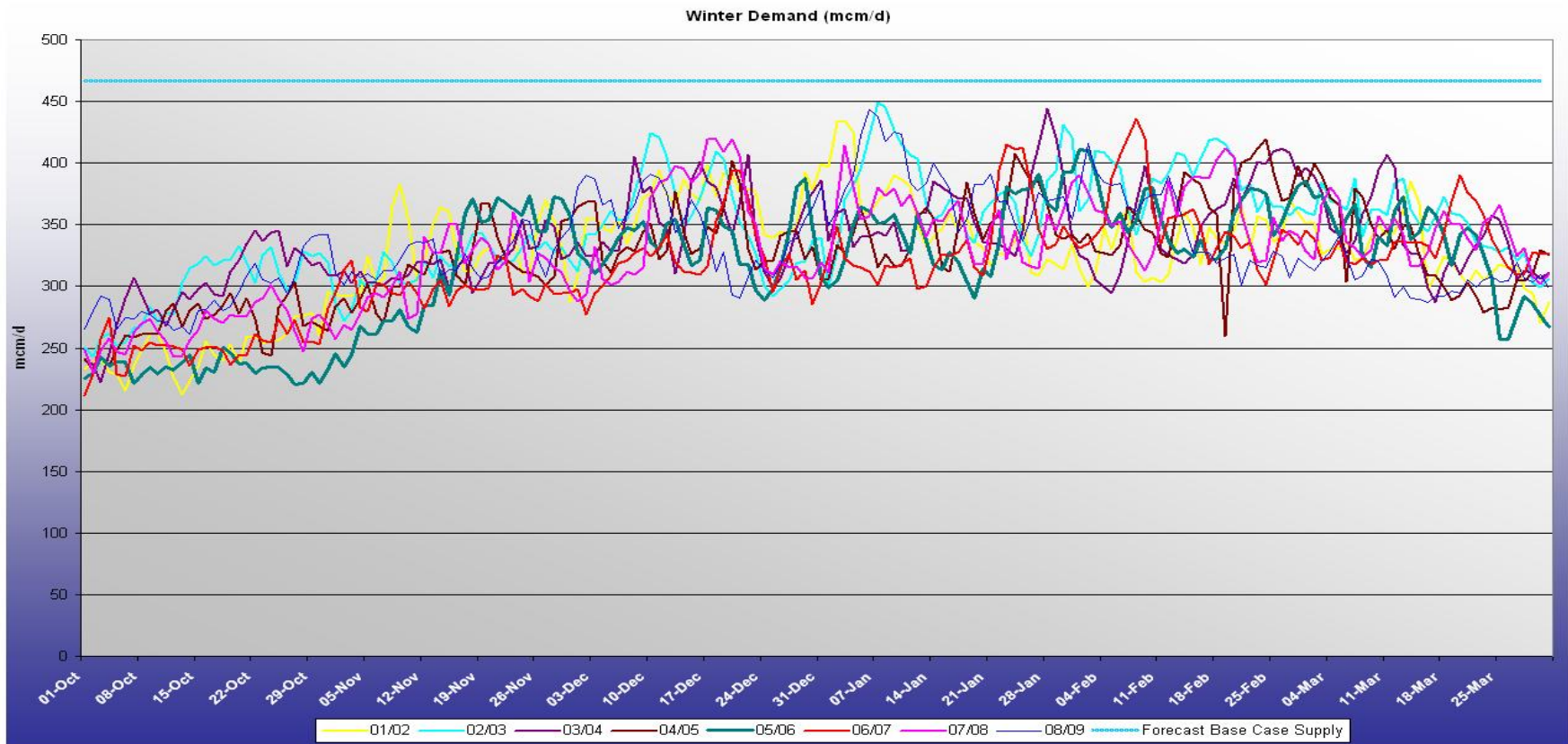
Mcm/d	Low Range	Base Case	High Range
UKCS	183	183	183
Norway	88	100	118
BBL	20	20	20
IUK	30	0	0
LNG	10	40	60
Sub Total	331	343	381

Source: National Grid Winter Outlook

Forecast flows for winter 09

Mcm/d	Low Range	Base Case	High Range
UKCS	183	183	183
Norway	88	100	118
BBL	20	20	20
IUK	30	0	0
LNG	10	40	60
Sub Total	331	343	381
Storage	124	124	124
Total	455	467	505

Actual Winter Demands



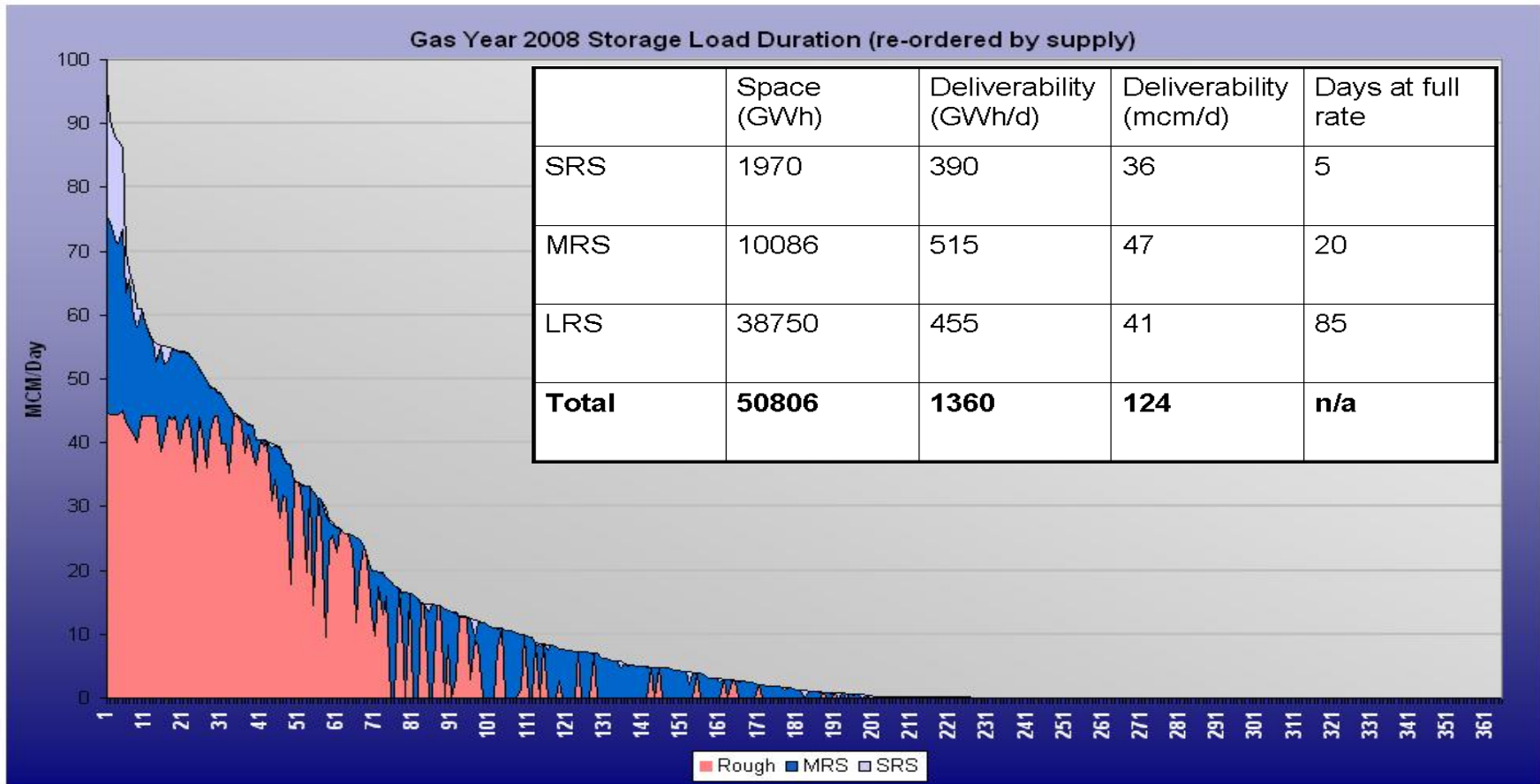
Storage for winter 09

- Long range storage – 30+ days duration (with restock)
 - Rough storage
- Medium range storage – 10 – 30 days duration (with restock)
 - Aldbrough, Hornsea, Humbley Grove, Hatfield Moors & Holehouse Farm
- Short range storage - <10 days duration (without restock)
 - Partington, Avonmouth, & Glenmavis

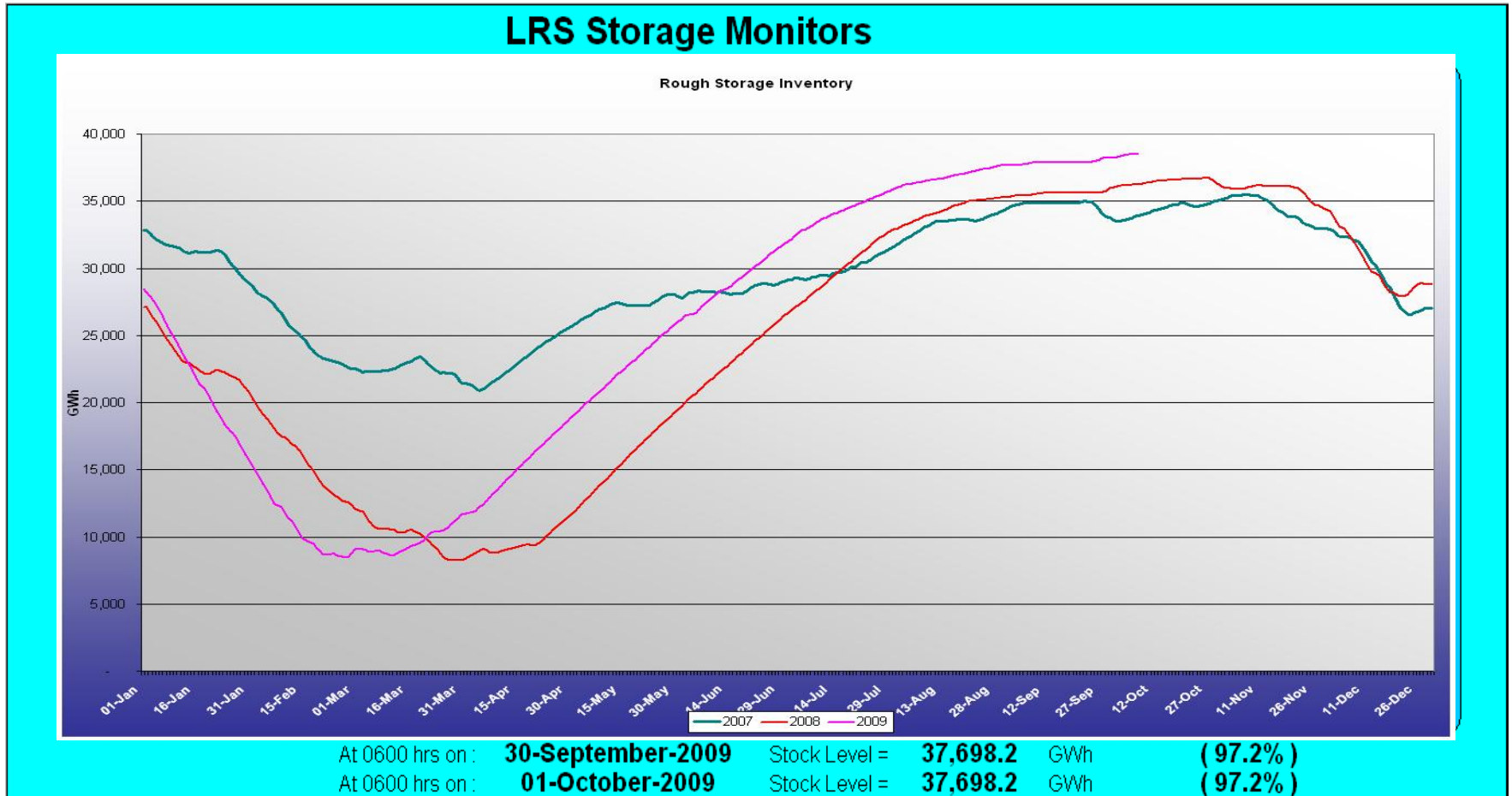
Storage for winter 09 - What's new for winter 09?

- Aldbrough storage (SSE & Statoil)
- More space filled in Rough (CSL), Humbley Grove (Star/Petronas) and Holehouse Farm (EDFt)
- Dynevor Arms LNG closed
- Partington LNG space reduced

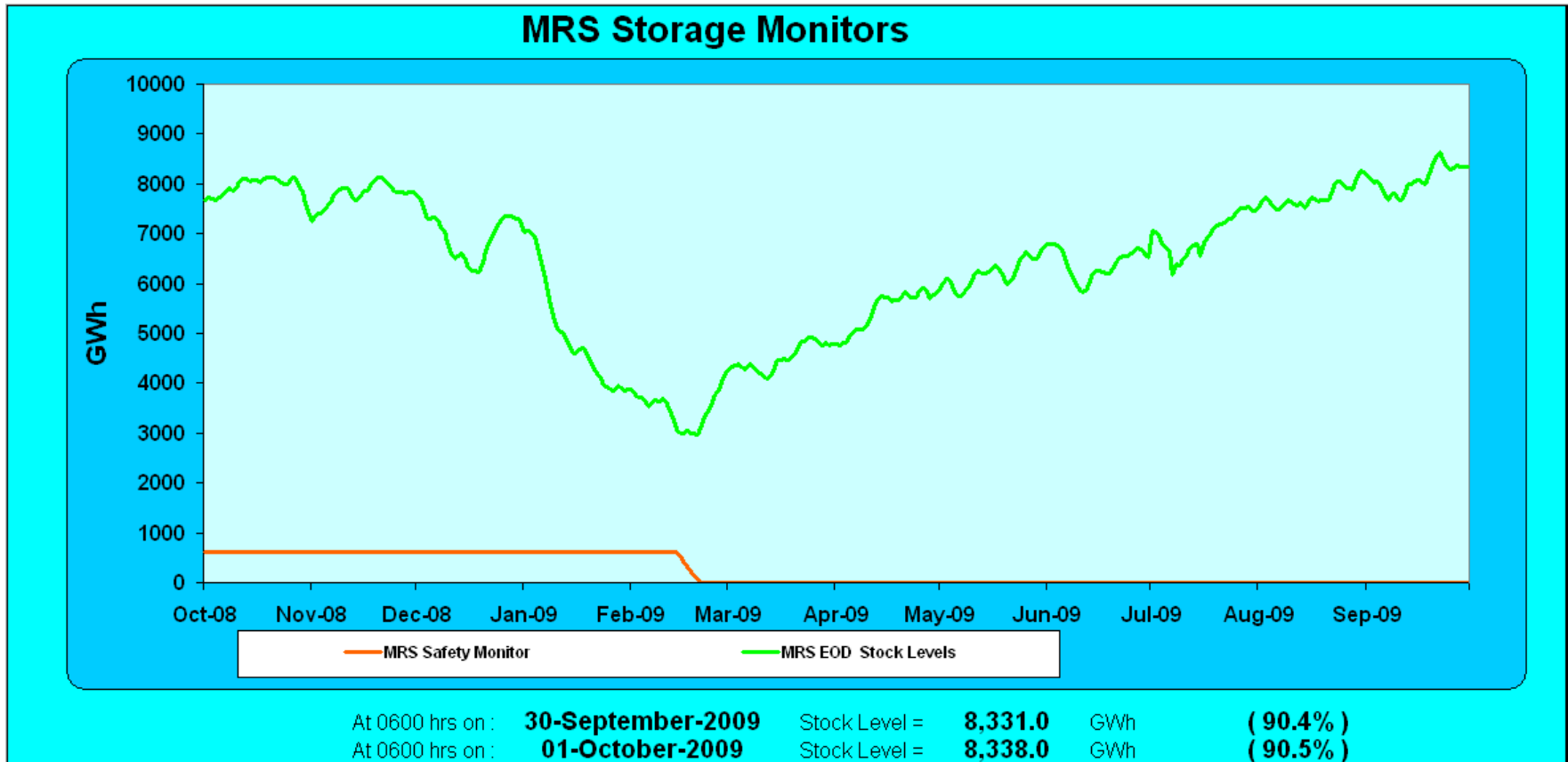
Storage withdrawal by highest flow days in winter 08



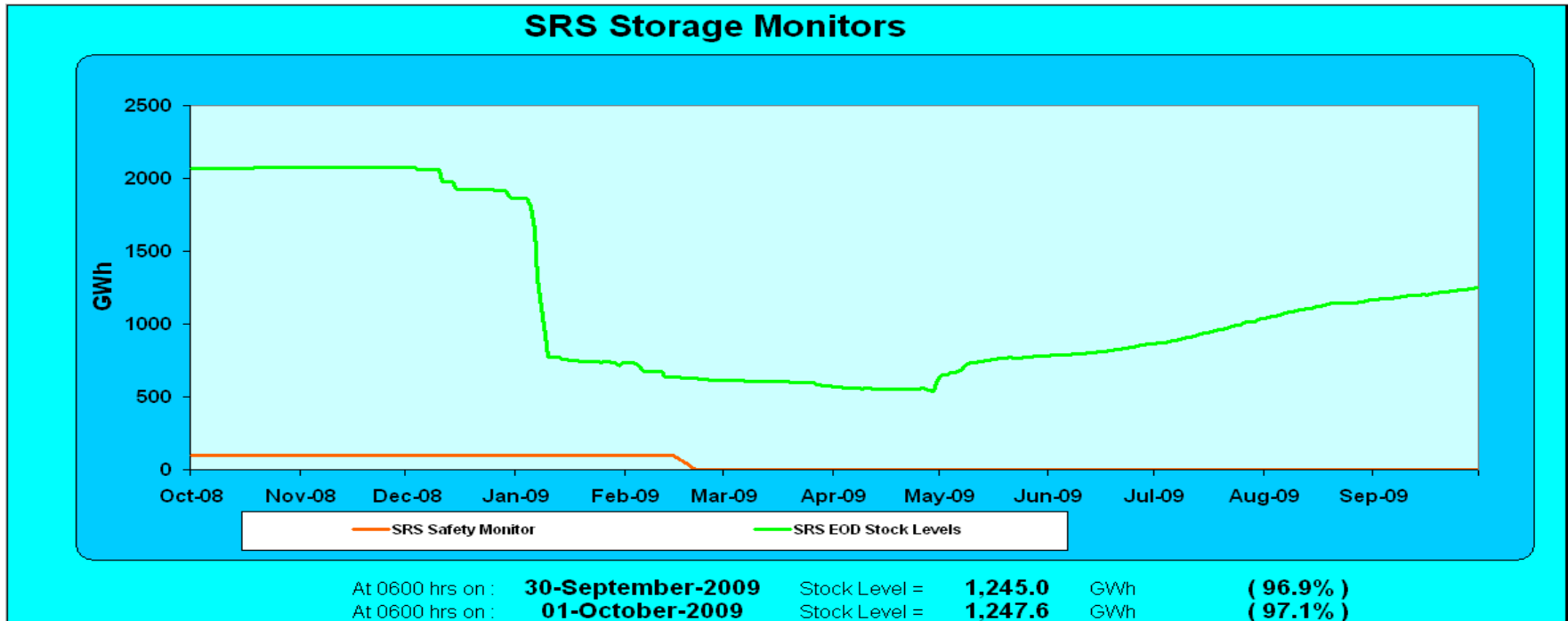
Storage for winter 09 – summer stock profiles



Storage for winter 09 – summer stock profiles

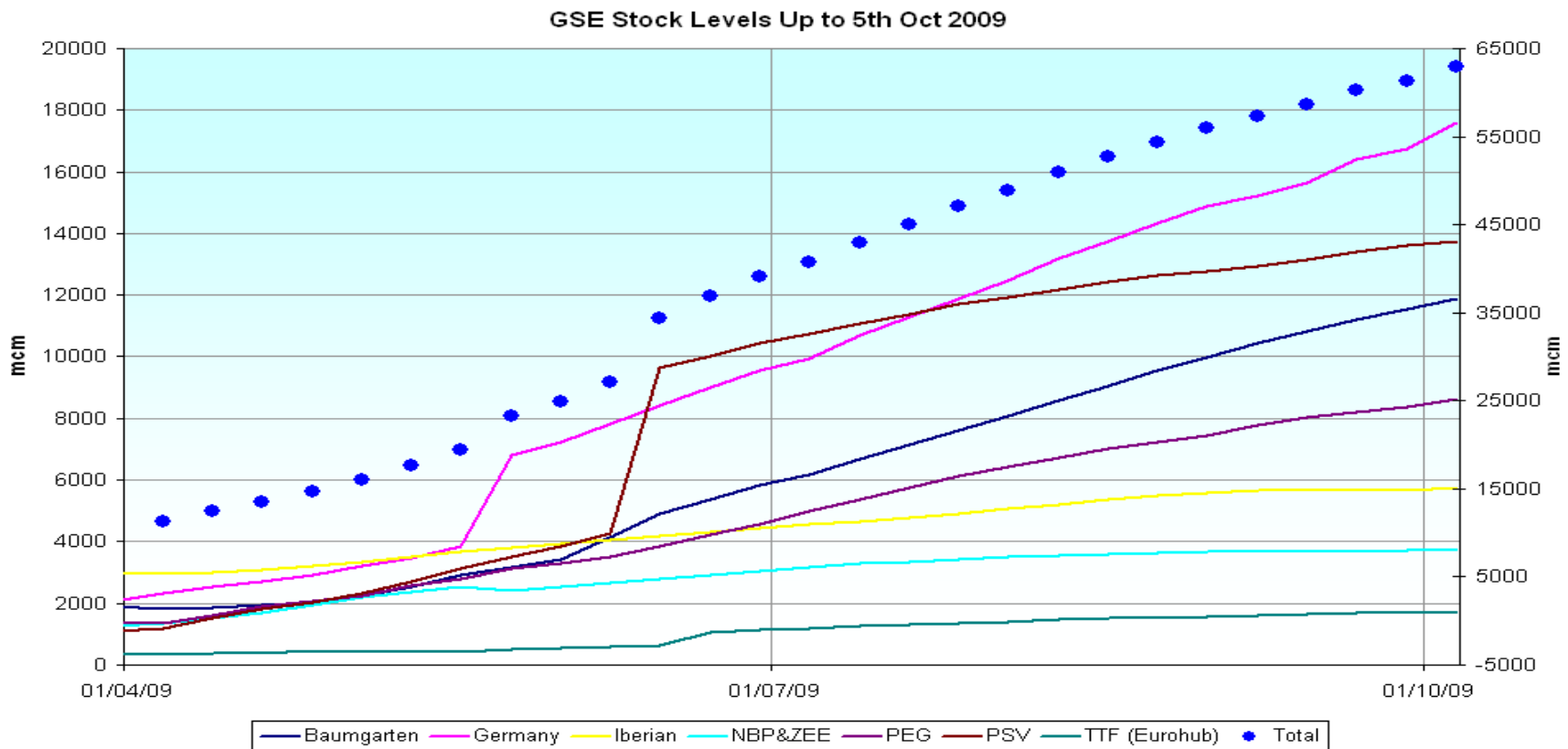


Storage for winter 09 – summer stock profiles



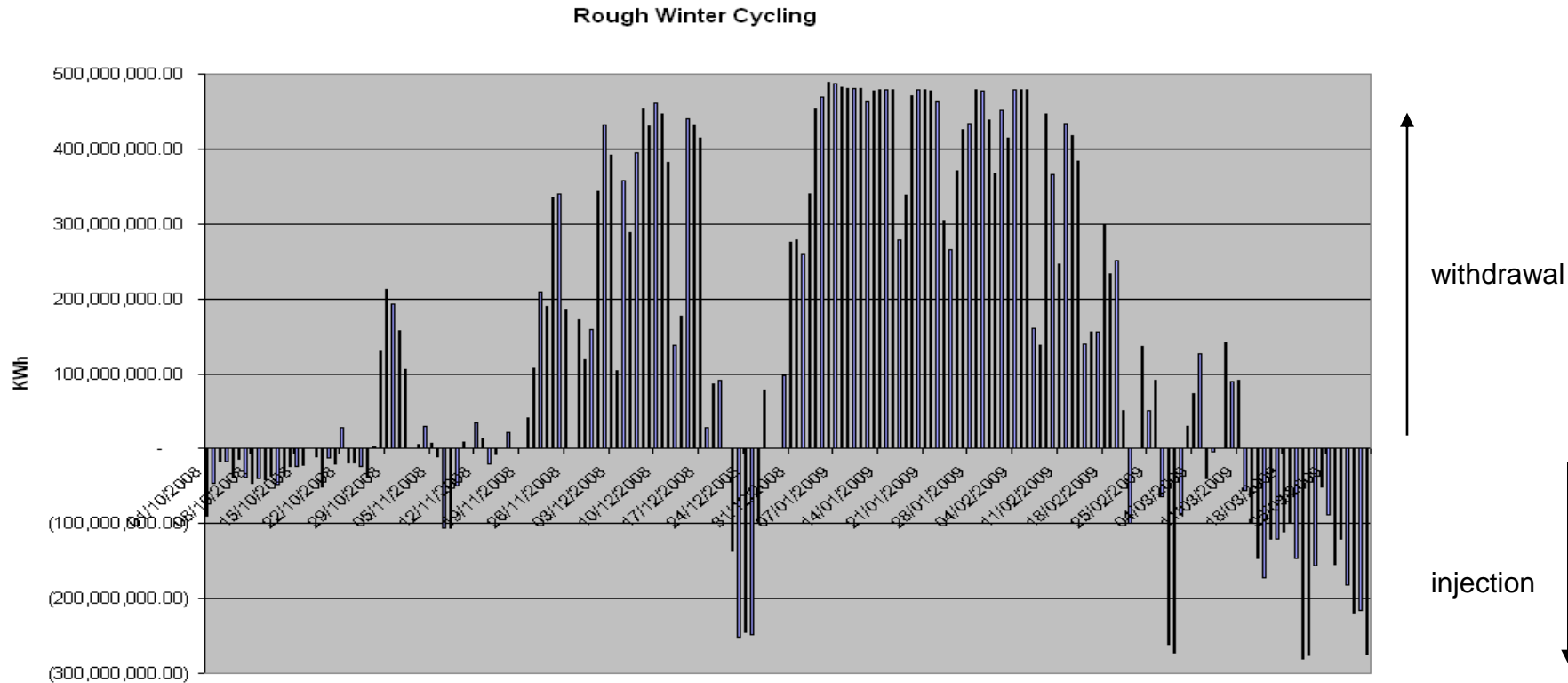
GB storage fully stocked ahead of the onset of winter

European Storage – 93% full



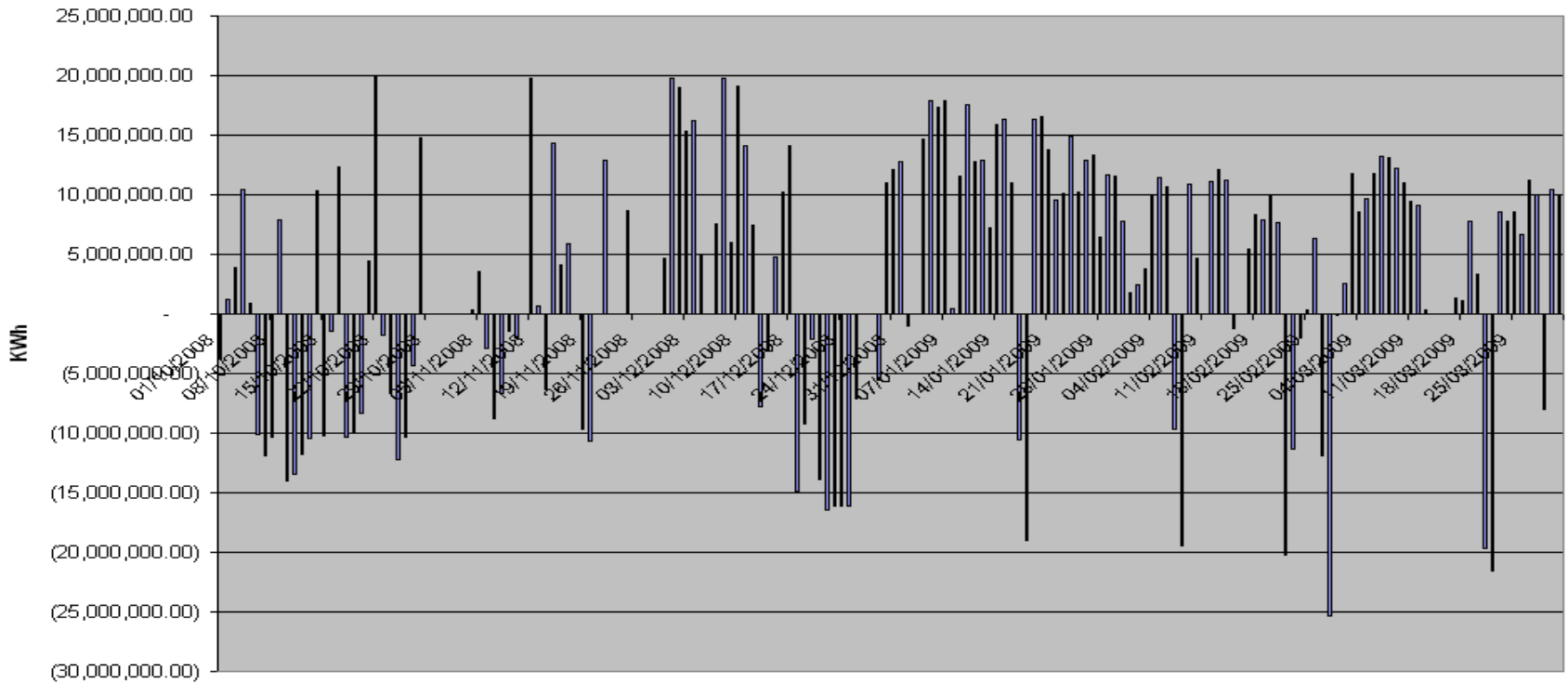
Source : <https://transparency.gie.eu.com/index.html>

Storage for winter 09 – storage cycling



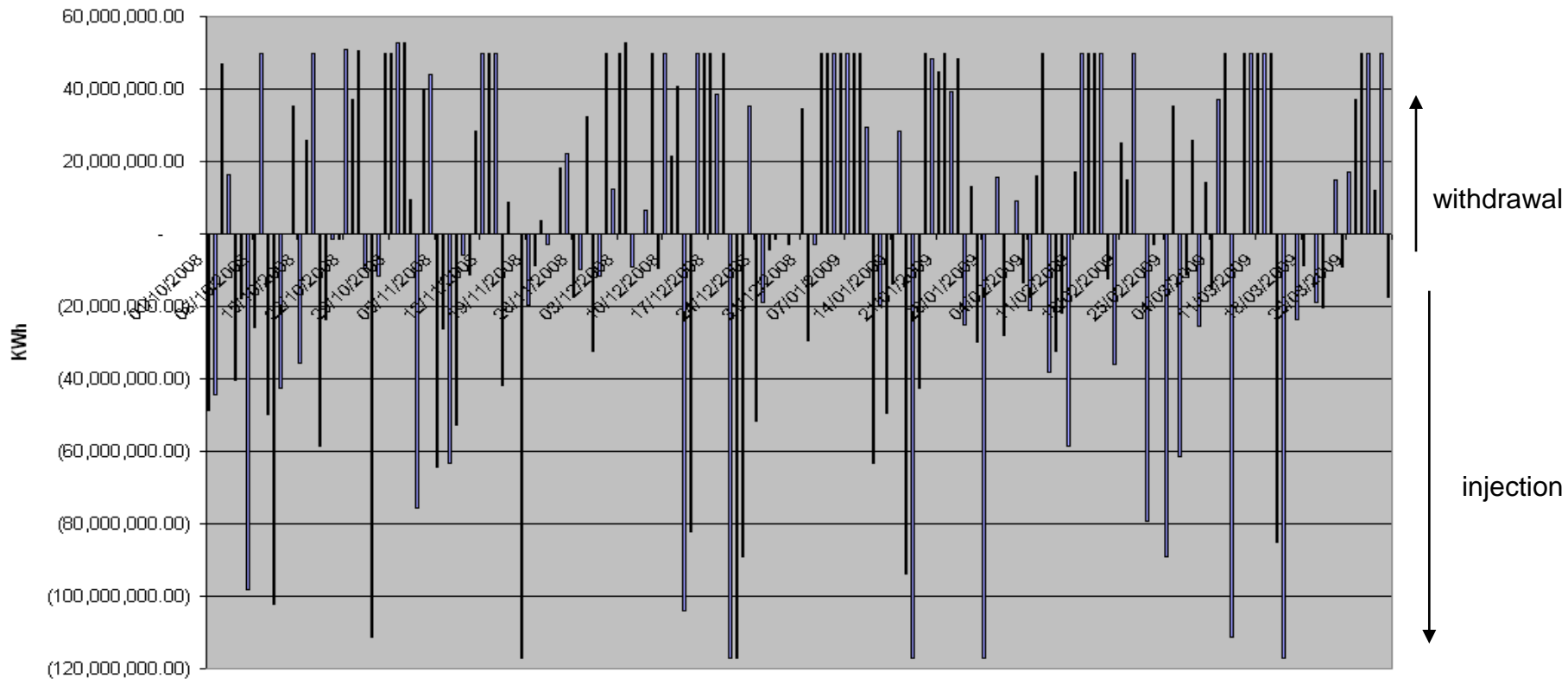
Storage for winter 09 – storage cycling

Hatfield Moor Winter Cycling



Storage for winter 09 – storage cycling

Hole House Farm Winter Cycling



Effective cycling adds greater duration – transparency / flexibility key

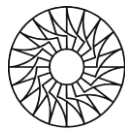
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