Winter Outlook Consultation 2010/11

Ofgem Winter Outlook Consultation Seminar

28th September 2010

Chris Train - Network Operations Director

Winter Outlook 2010/11 Timeline

- Winter Outlook Consultation – Published 1st July
- Consultation Responses – Received 23rd August
  - 4 Consultation responses received
- Ofgem Winter Outlook Consultation Seminar – 28th September
- Winter Outlook Report – Published w/c 4th October

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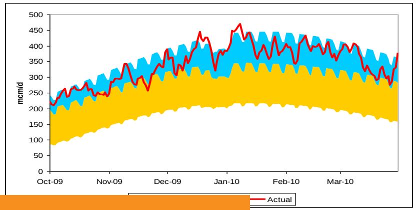
Winter Outlook 2010/11

Weather

Gas

Supplies & Storage



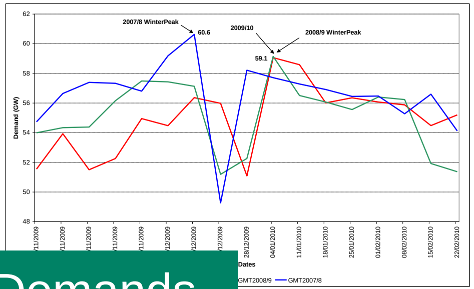
Demands

Prices

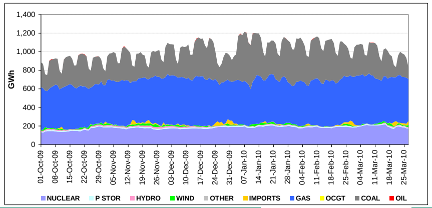
Gas vs Coal for Power

Grain Phase III

Electricity



Demands



Generation

New CCGTs

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Gas – Forecast Supplies

- UKCS supplies approximately 9% lower than last winter
- Imports from Norway similar if not higher than last year
- US forward gas prices for the winter and beyond are currently much lower than those in Europe
- Uncertainty of LNG associated with LNG imports have led to a Base Case of 60 mcm/d within a range of 30-100 mcm/d
- Total non-storage supply Base Case of 367 mcm/d, higher than last years initial levels

09/10 Supplies

	09/10 Base	10/11 Range	Base Case
UKCS	183	166	166
Norway	100	86-116	101
BBL	20	30	30
IUK	0	30-0	10
LNG	40	30-100	60
Total NSS	343	342-412	**367**
Storage	124	108	108
Total	467	459-529	**475**
Peak Demand	472		**501**

Gas - Potential Upsides – Grain LNG Phase III

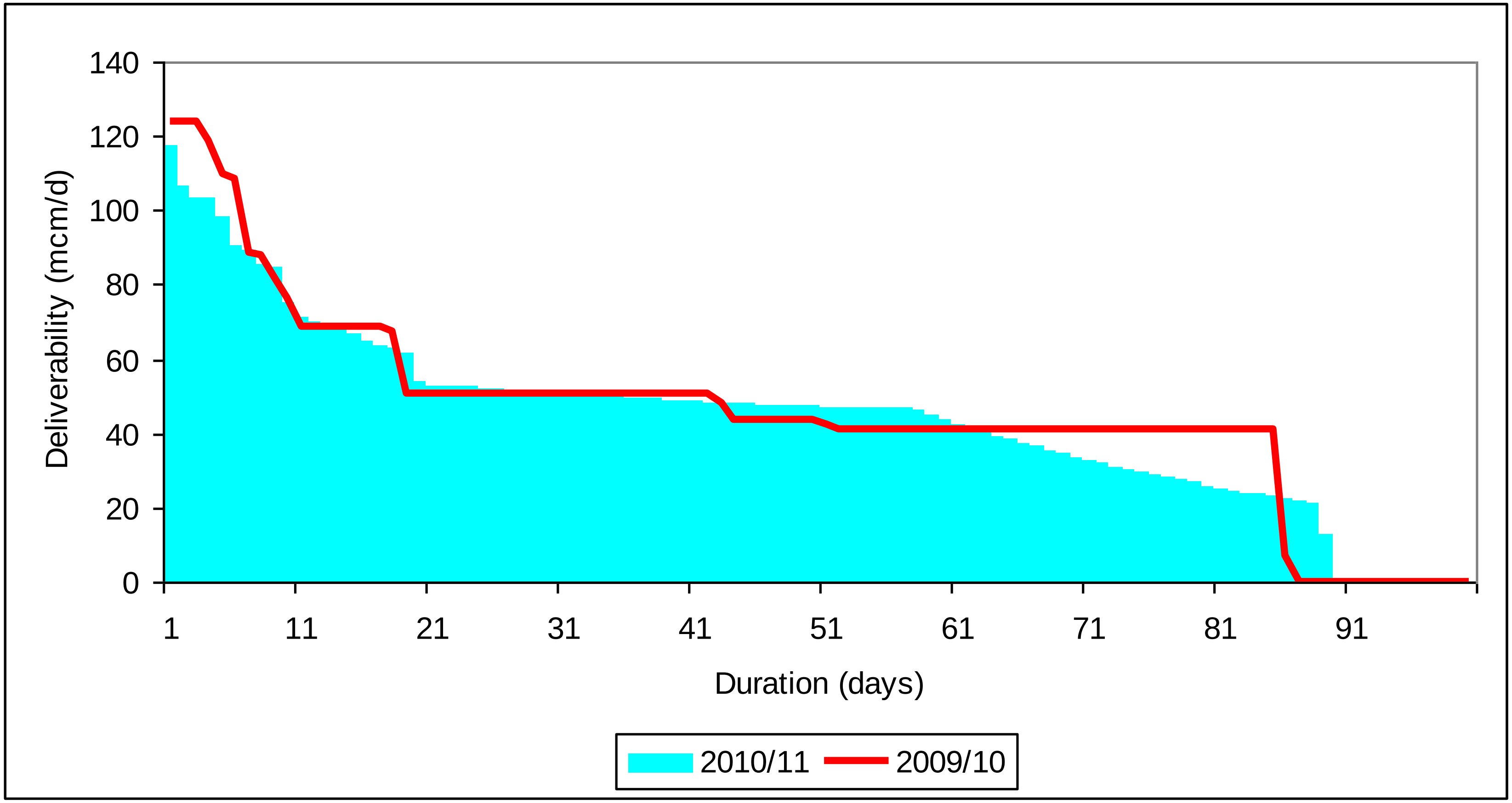
Phase 3 Tank

Jettys 8 and 10

Process Plant

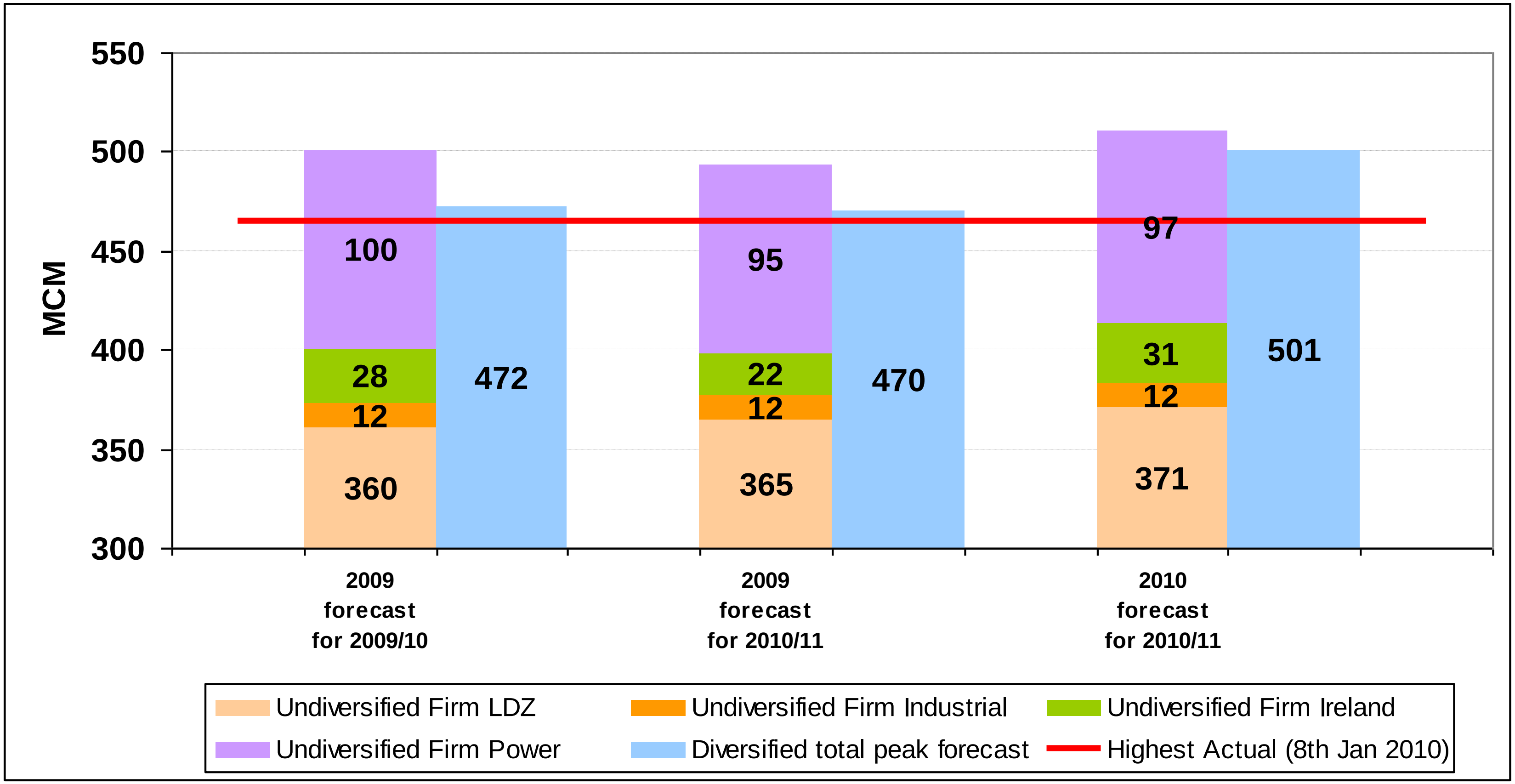
Arrival at Site

Gas – Storage

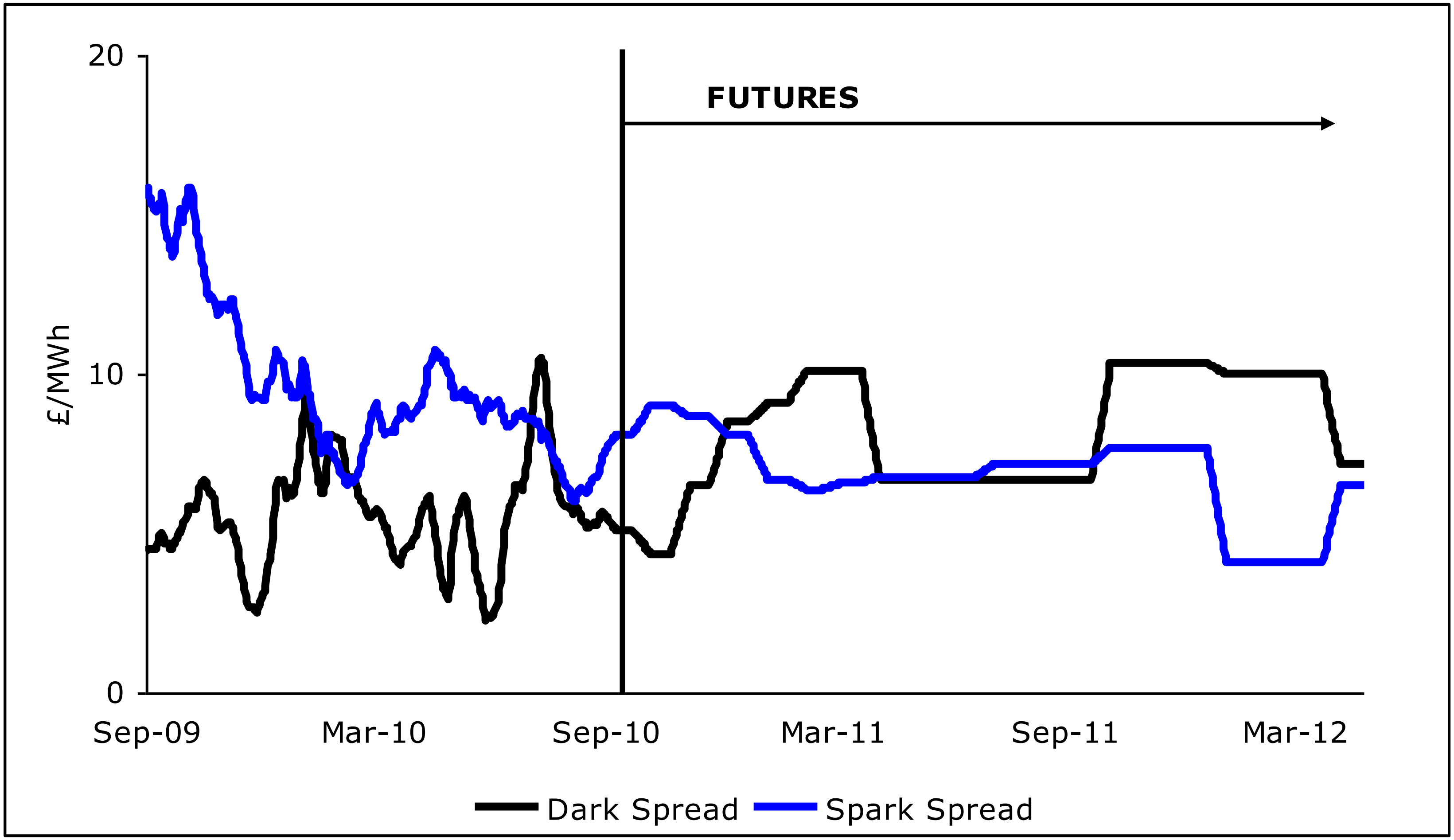


140
120
100
80
60
40
20
0
Deliverability (mcm/d)
1
11
21
31
41
51
61
71
81
91
Duration (days)
2010/11
2009/10

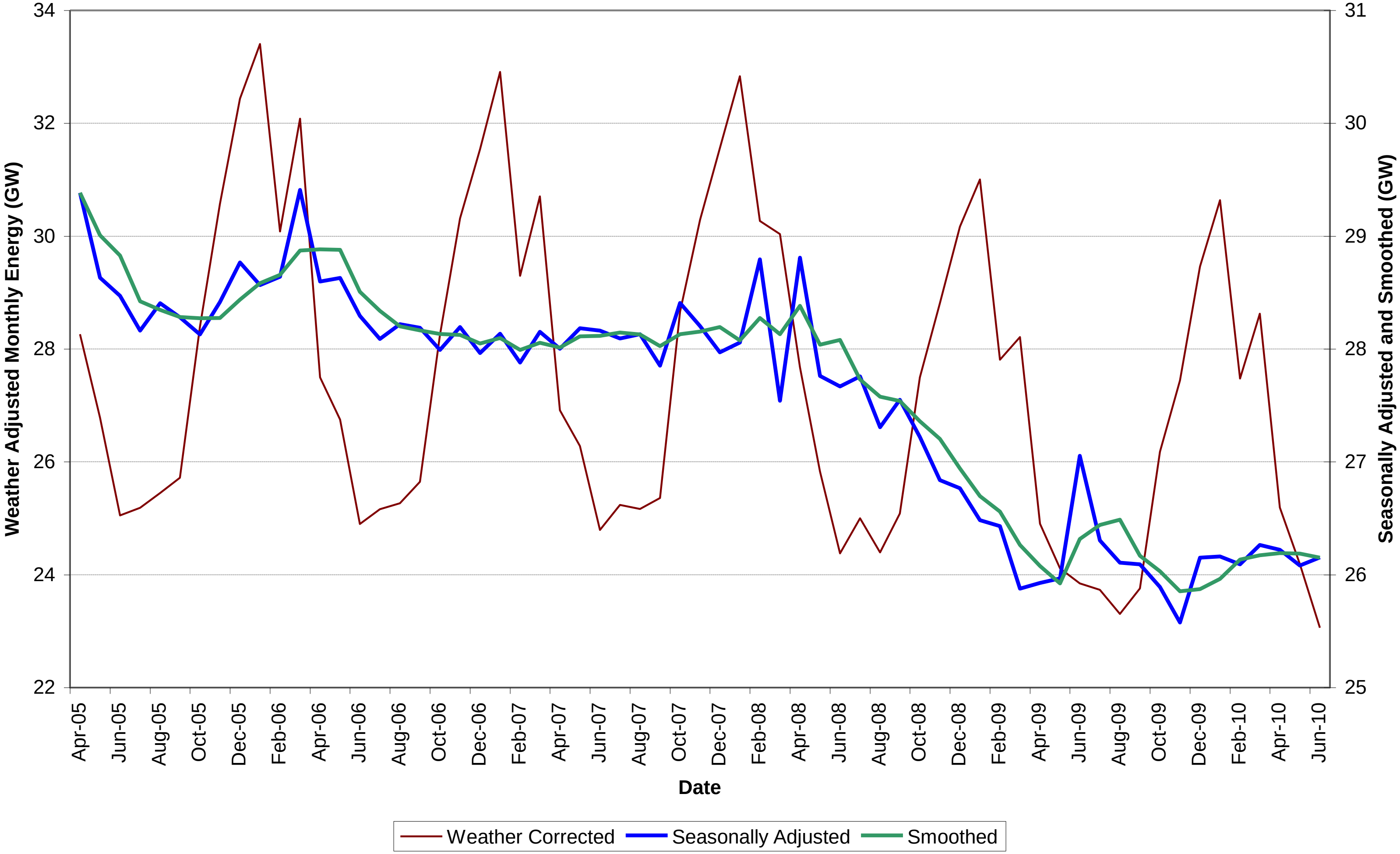
Gas - Forecast Demands



Gas – Dark and Spark Spread



Electricity - Demand Forecast Uncertainty has Increased



Electricity - Assumed Availability

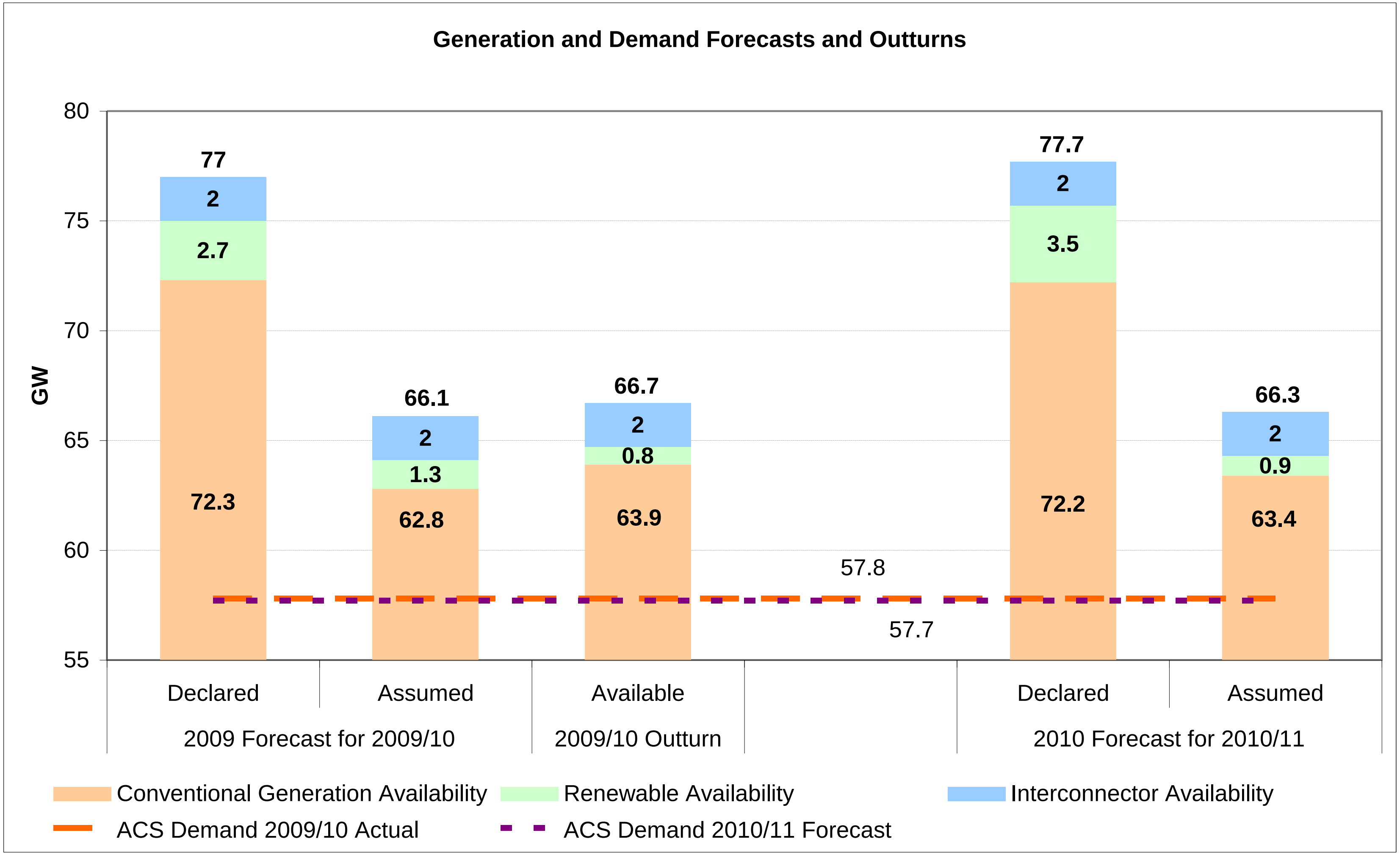
Power Station Type	Full Metered Capacity (GW)	Assumed Availability	Assumed Availability (GW)
Nuclear	10.1	75%	7.6
French Interconnector	2.0	100%	2.0
Hydro generation	1.0	60%	0.6
Wind generation	2.5	10%	0.3
Coal	27.9	90%	25.1
Oil	2.7	80%	2.2
Pumped storage	2.7	100%	2.7
OCGT	1.2	90%	1.1
CCGT	27.5	90%	24.7
Total	**77.7**		**66.3**
Overall availability		**85%**	

Electricity – Potential upsides – New CCGTs

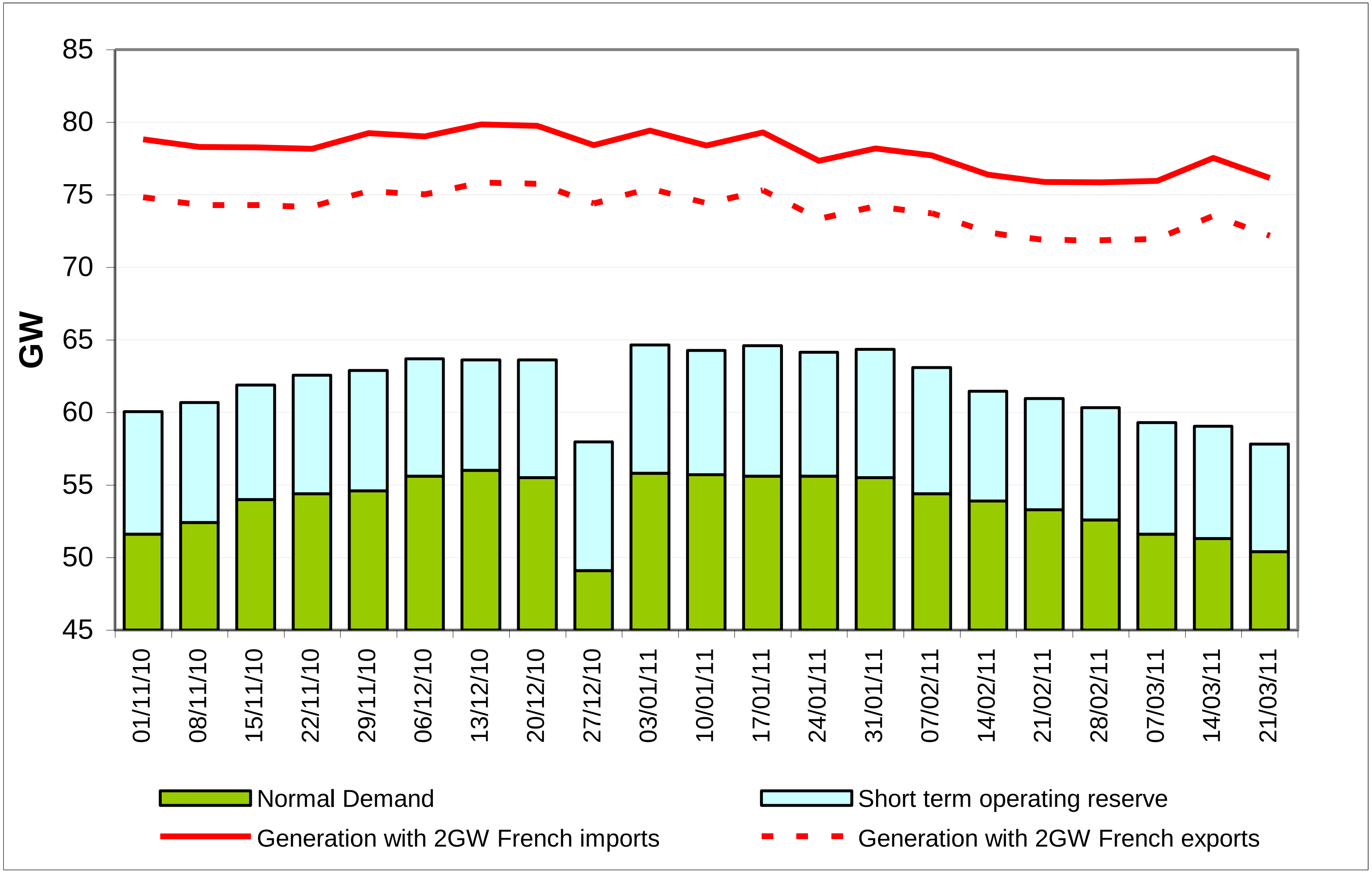
- Staythorpe
  - 1700MW
- Severn Power
  - 850MW
- Grain units 6,7 and 8
  - 1200 MW
- West Burton B
  - 1300 MW

Severn Power

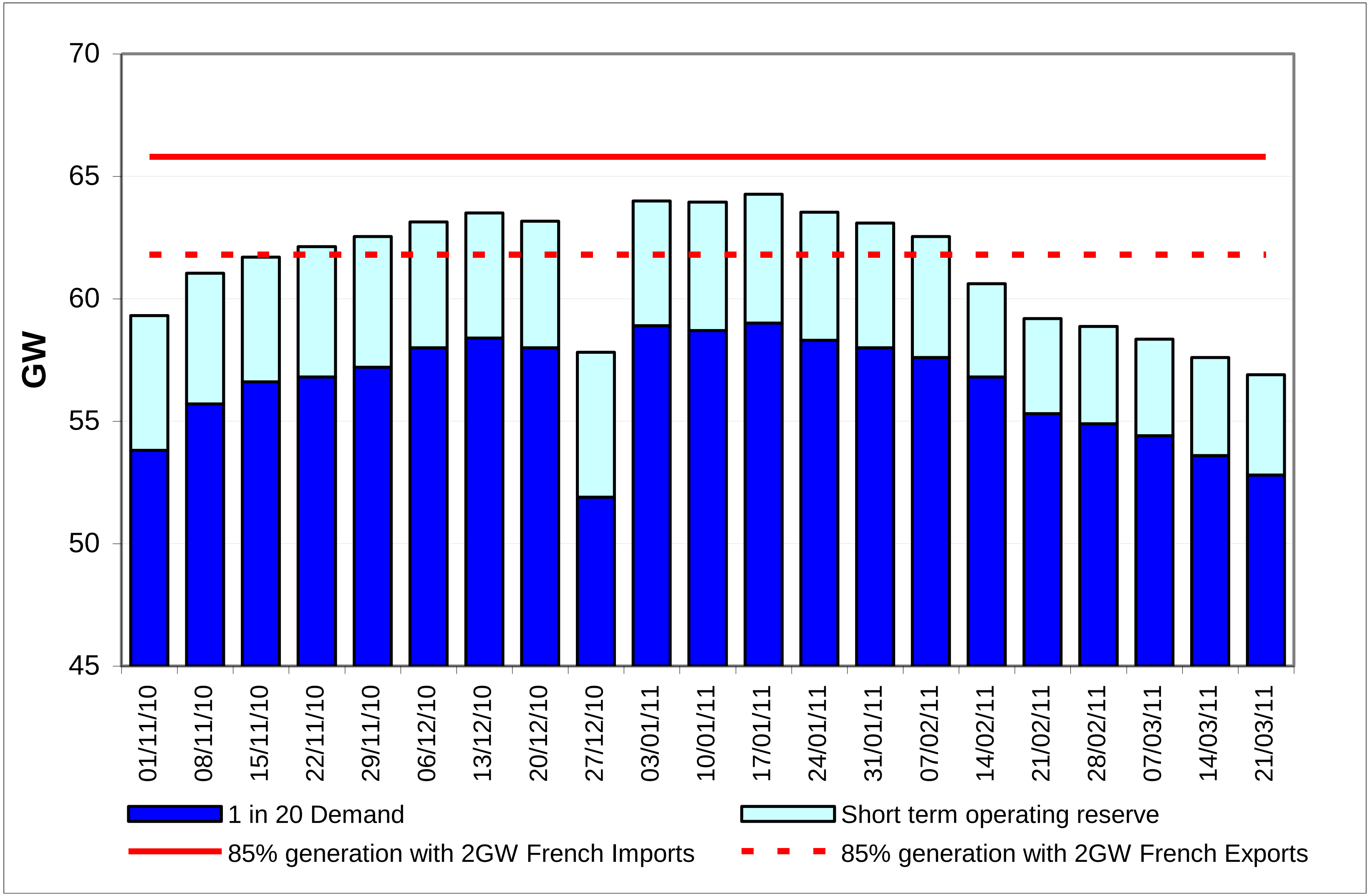
Electricity – Generation and Demand Forecasts and Outturns



Electricity - Normal Demand and Notified Generation Availability



Electricity - 1 in 20 Demand and Assumed Generation Availability



Winter Outlook 2010/11 - Summary

- Gas
  - Peak day demand forecast is higher than last year
  - Forecast non storage supplies are higher than last year with potential upsides in LNG
  - Storage deliverability is reduced due to less LNGS and a review of the actual deliverability from all storage sites
  - Forecast spreads between Gas or Coal as base load fuel source for Electricity Generation is very small
- Electricity
  - Average Cold Spell Demand forecast is the same as last year
  - Notified and Assumed Generation availability is close to last years figures
  - Large potential upside in new CCGT commissioning during the winter
- Even with the uncertainties the forecast indicate the winter should be manageable