Winter Outlook 2012 / 13

Ofgem Winter Outlook Seminar
5th October 2012
Chris Train – Market Operation Director

Winter Outlook 2012 / 13 Timeline

- Winter Outlook Consultation – Published 10th July
- Consultation Responses – Received 17th August
  - Two responses received
- Ofgem Winter Outlook Seminar – 5th October
- Winter Outlook Report – Publish w/c 8th October

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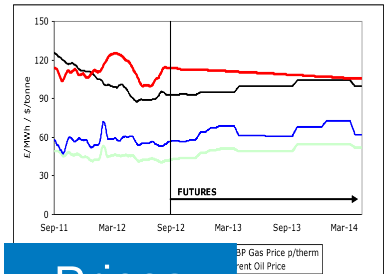
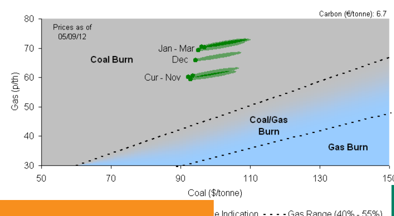
Winter Outlook 2012 / 13



Prices

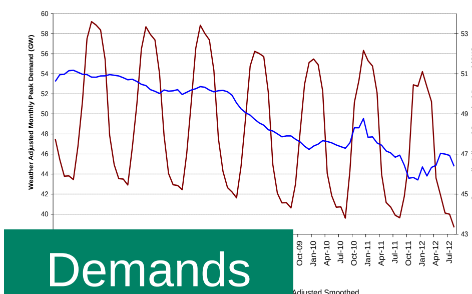
Gas

Electricity

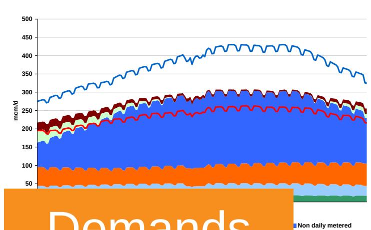


Gas vs Coal for Power

Generation

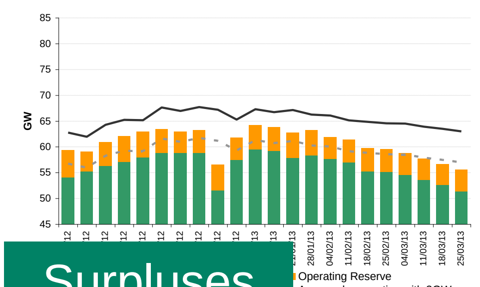


Demands



Demands

Supplies & LNG



Surpluses

Europe

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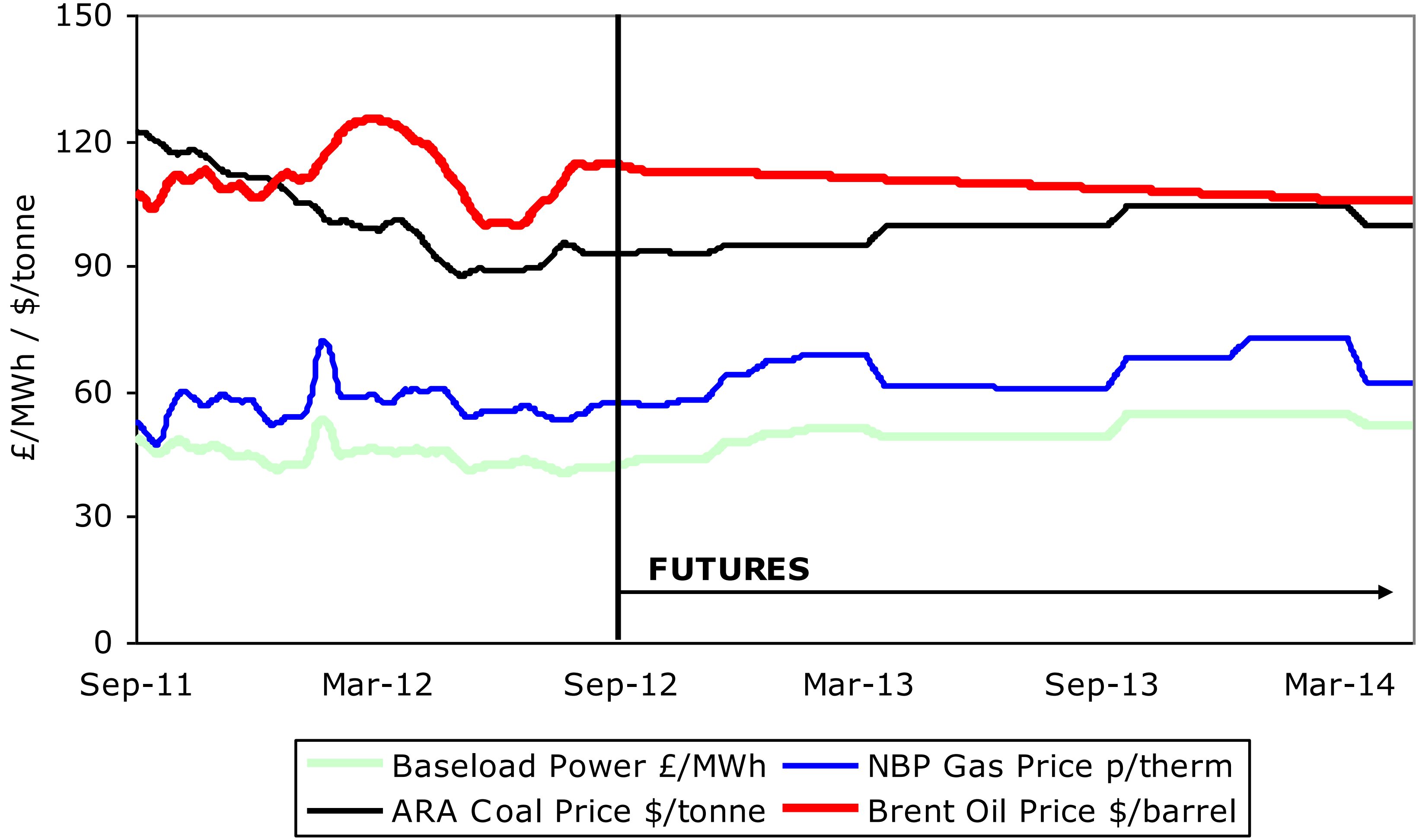
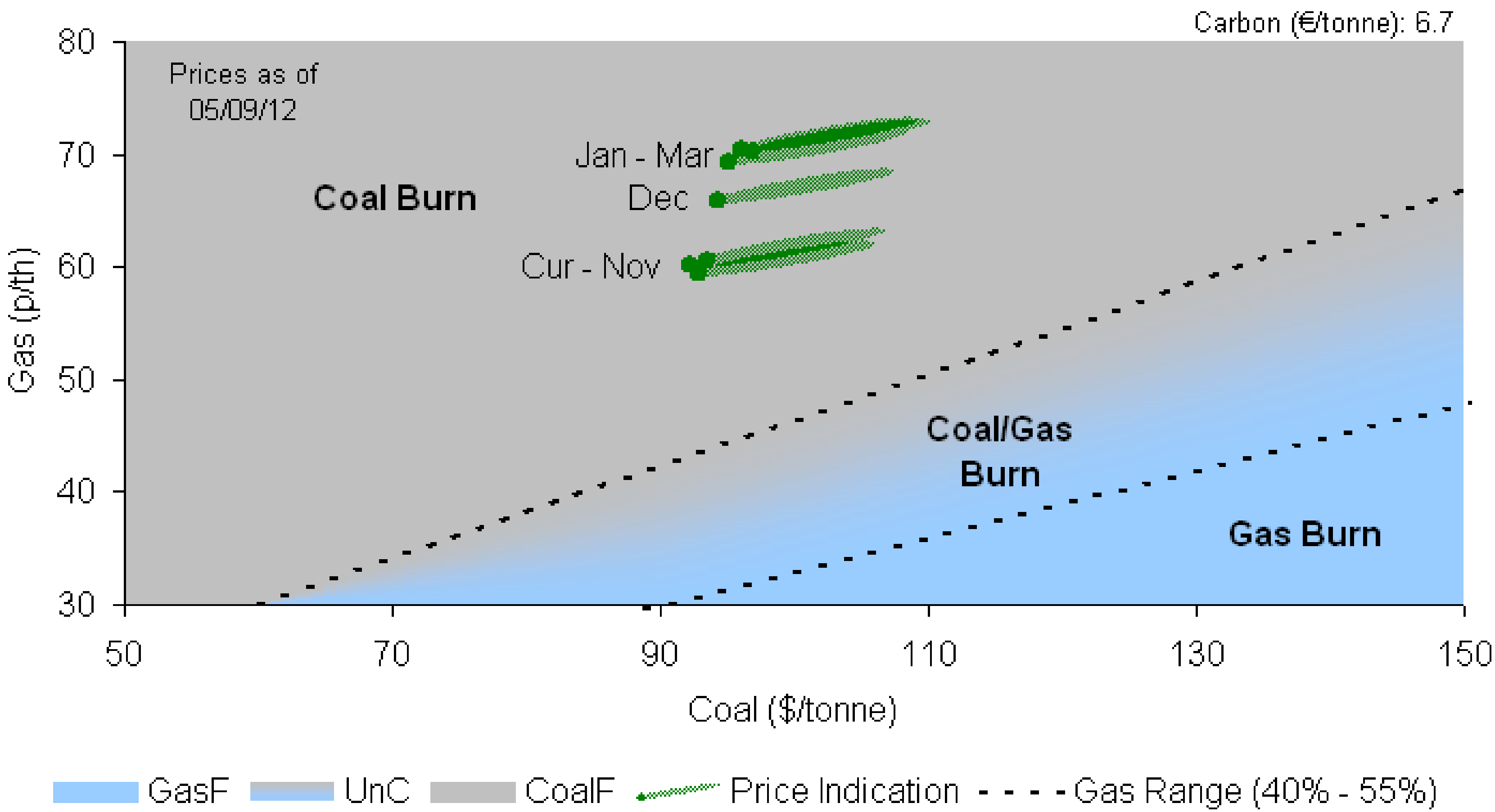
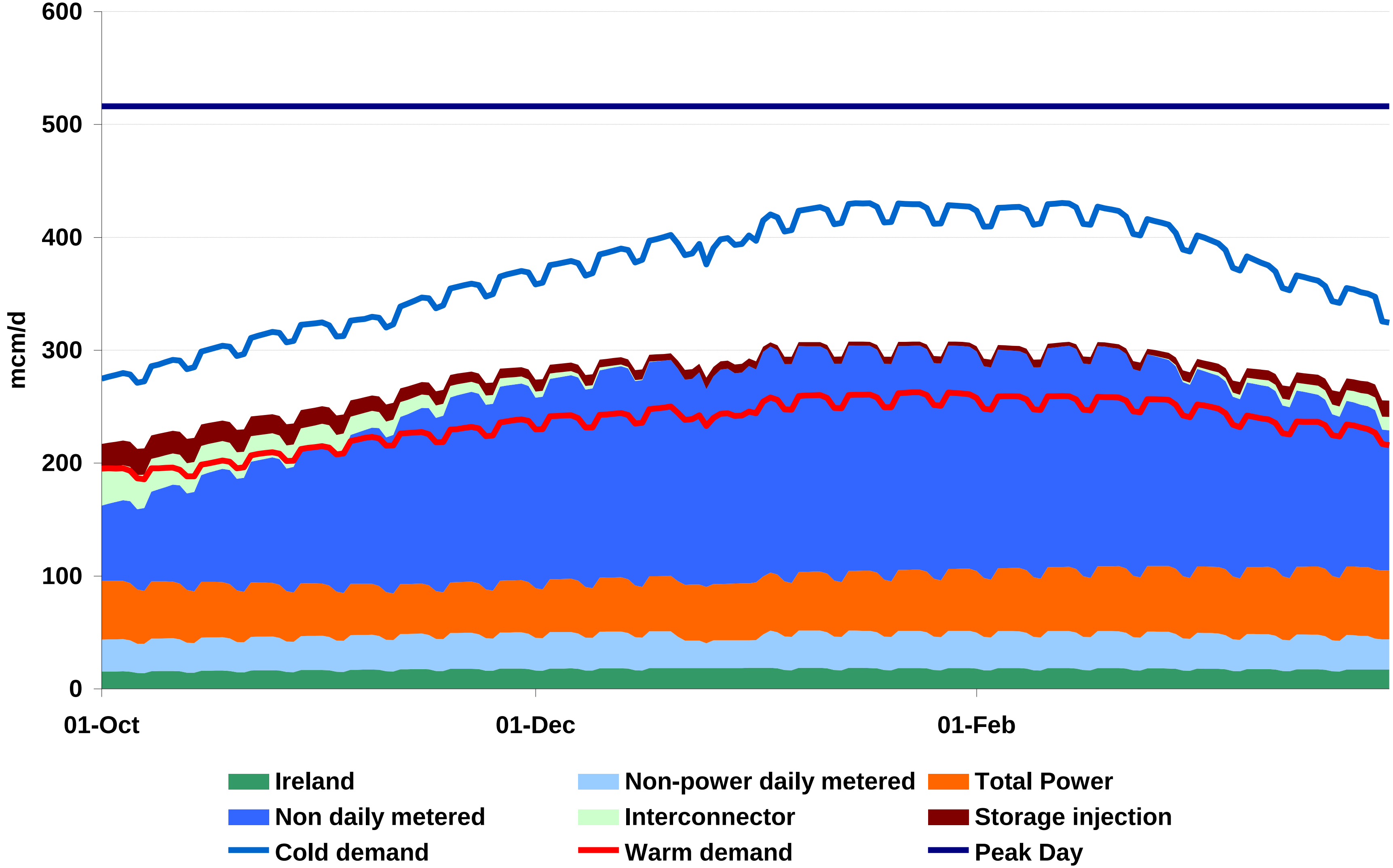
Fuel Prices



Gas – Relative Power Generation Economics



Gas – 2012 / 13 Demand



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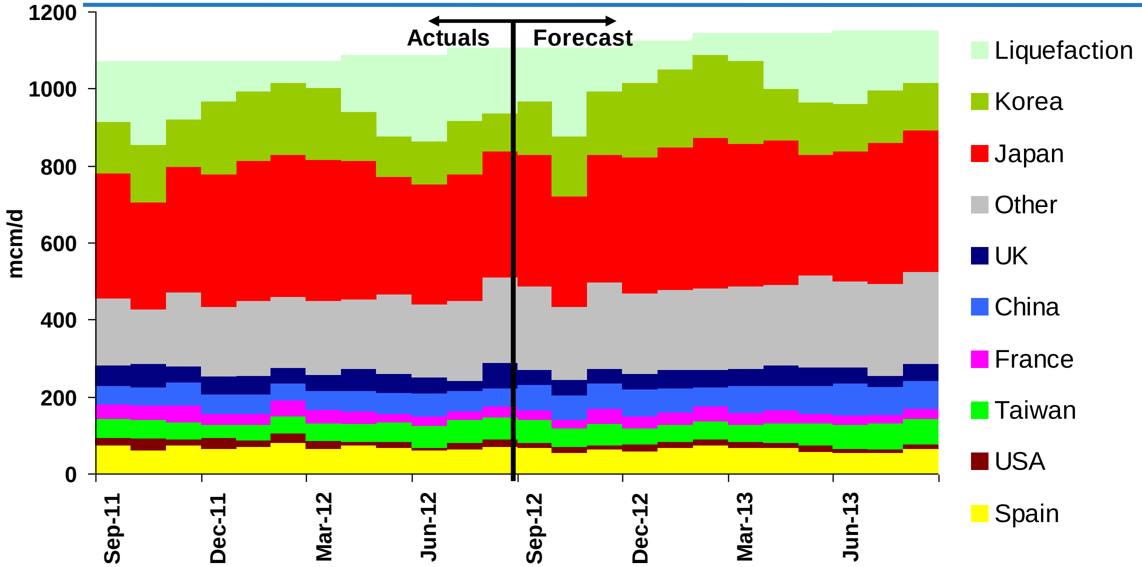
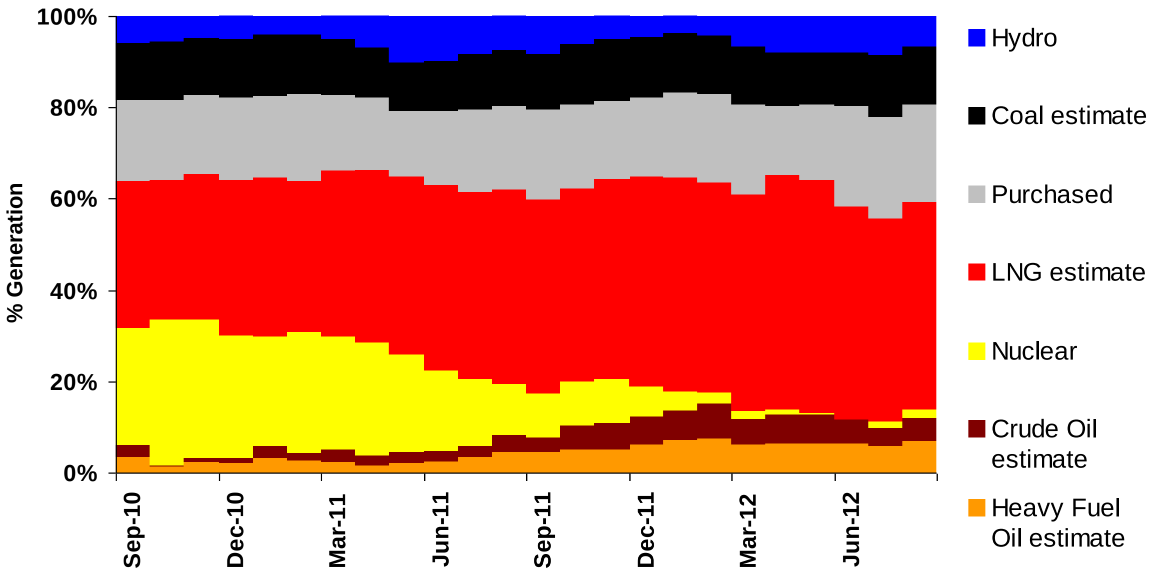
Gas – 2012 / 13 Supplies

(mcm/d)	2011/12 400+	2012/13 Range	Dec – Feb	400+
UKCS	125	96 – 130	113	124
Norway	105	70 – 115	95	105
BBL	32	24 – 36	28	30
IUK	20	0 – 30	8	20
LNG Imports	92	30 – 100	45	80
Total	**374**	**220 – 411**	**289**	**359**
Storage	65	0 – 108	31	80
Total inc. Storage	**439**	**220 - 519**	**320**	**437**

Global LNG Supply/Demand Projection





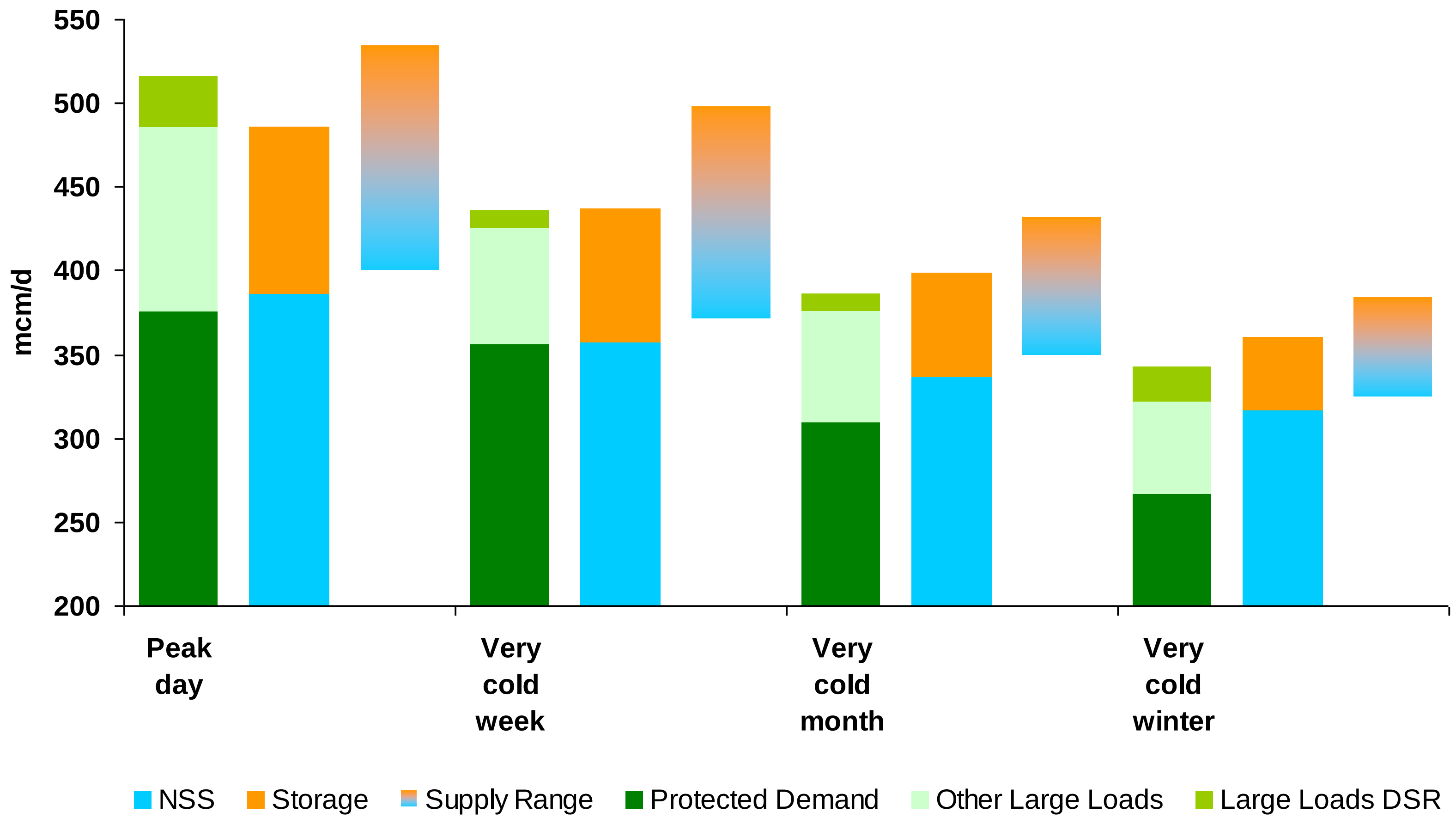
Global LNG

- A year-on-year increase in global LNG demand of ~5%
- Increase in LNG liquefaction capacity since last winter
- LNG market (on a global basis) continue to remain tight over winter 2012/13

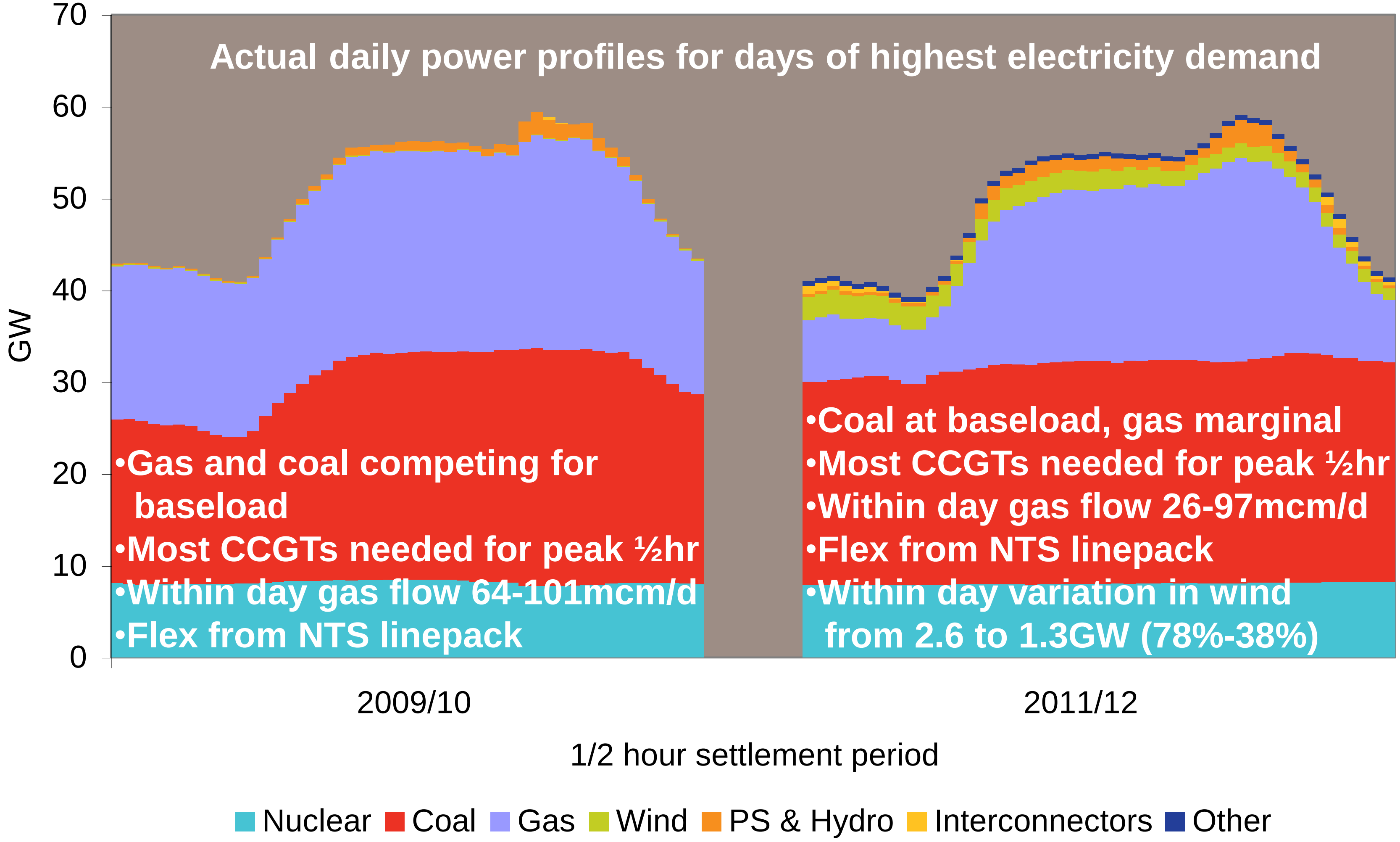
Japanese Power Generation Mix

- Restart of nuclear plants remains uncertain, with some unofficial reports suggesting no restarts until summer 2013

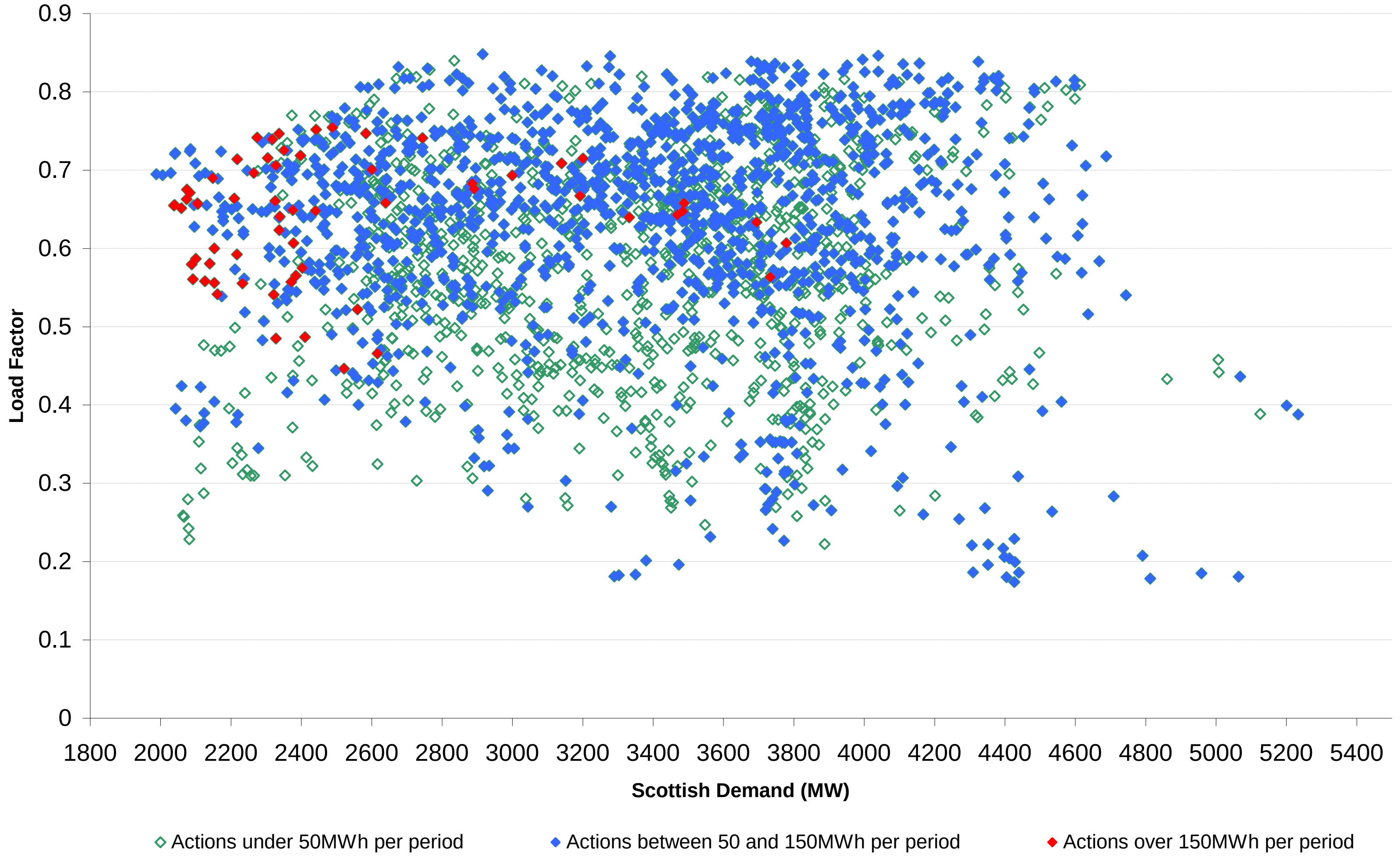
Gas - Cold Spell Analysis for Severe Conditions



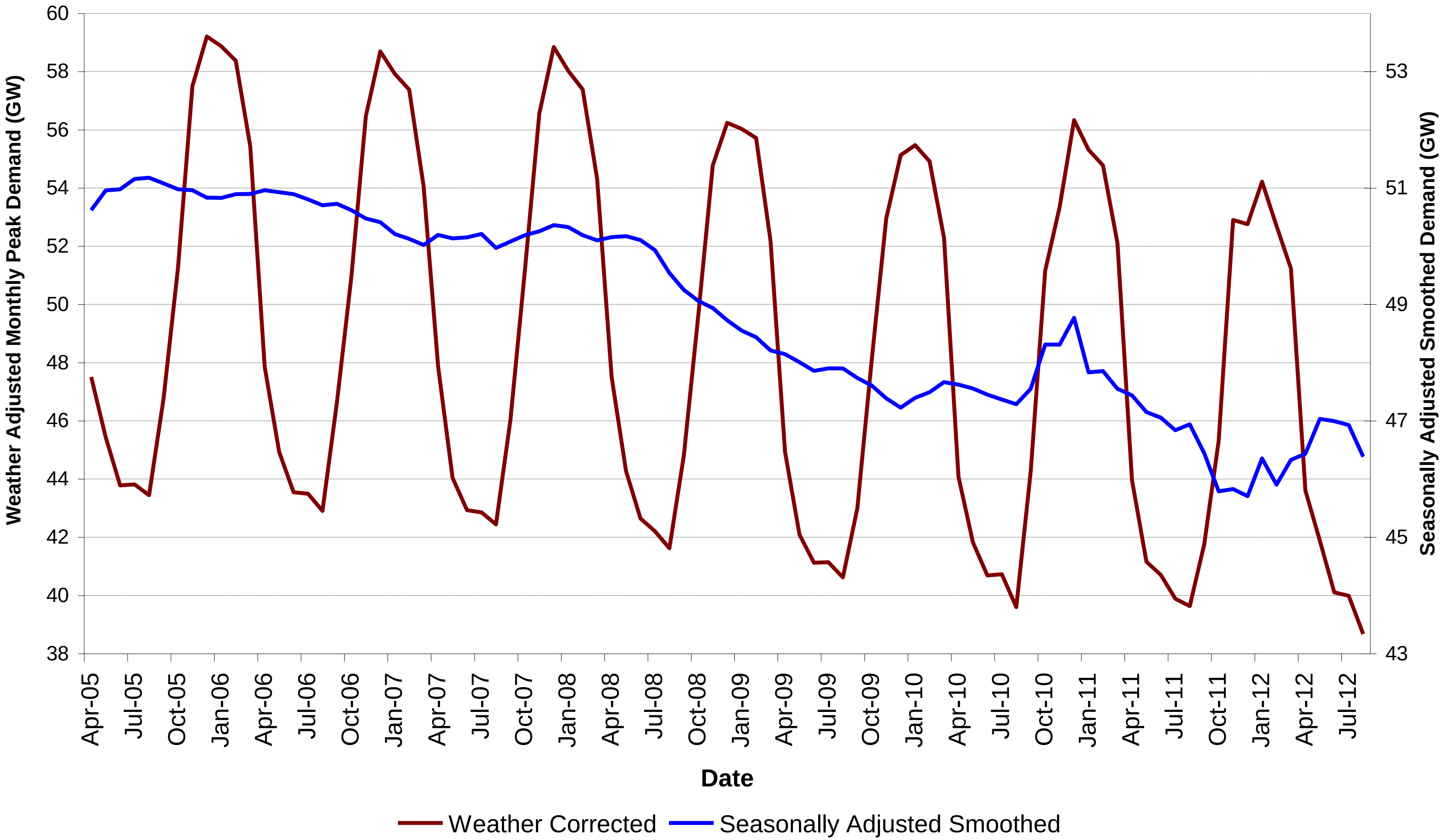
Gas / Electricity Interaction



Electricity – Wind Curtailment in Scotland



Electricity - Demand



Electricity – Generation Capacity Operational View

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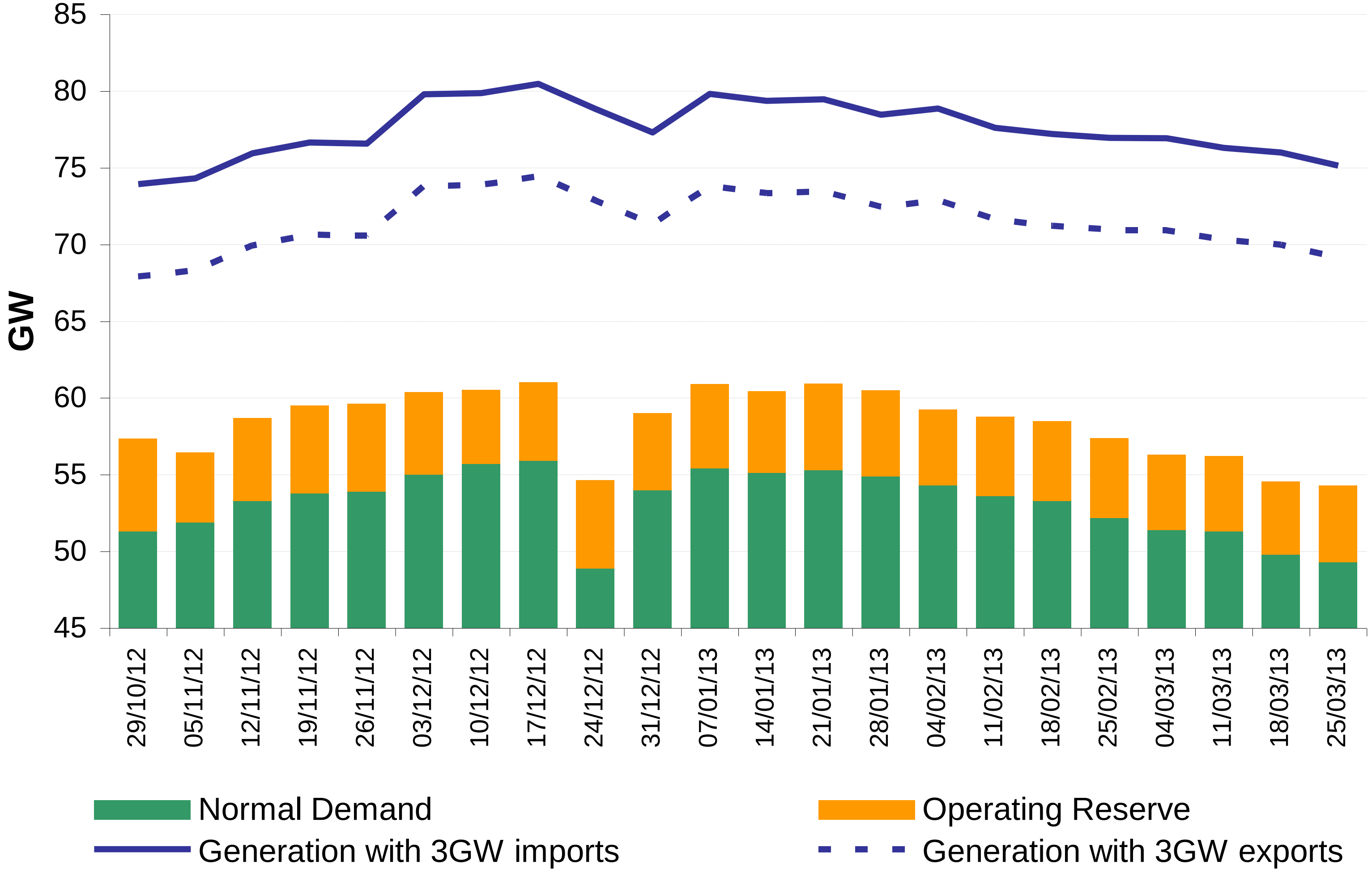
Power Station Type	Capacity (GW)
Nuclear	**9.5** ↓
Interconnectors	**3.0** —
Hydro	**1.0** —
Wind	**4.7** ↑
Coal	**26.1** ↓
Biomass	**0.8** ↑
Oil	**2.1** —
Pumped storage	**2.7** —
OCGT	**1.2** ↓
CCGT	**28.0** ↓
Total	79.1

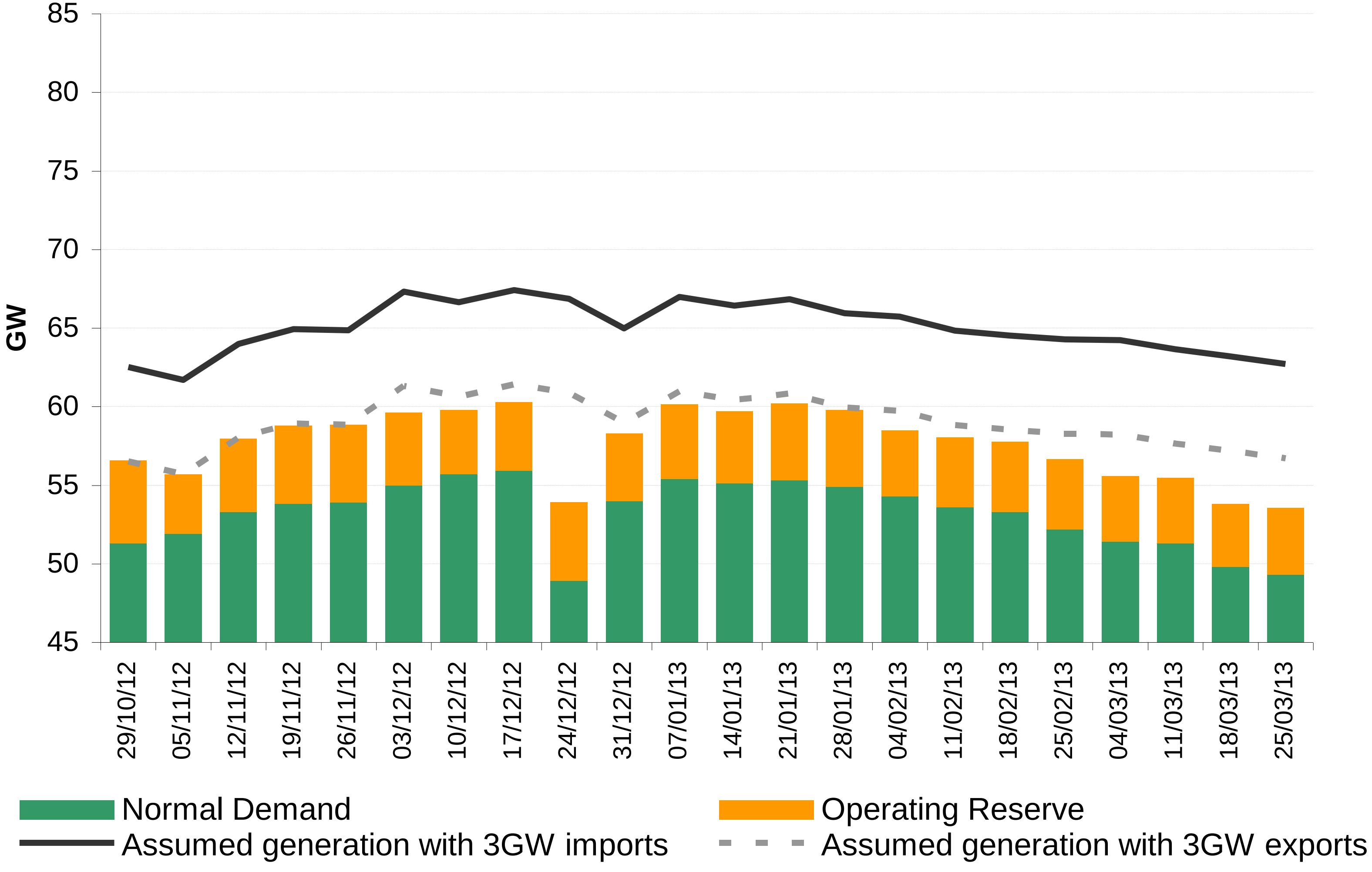
Electricity – Normal Demand and Notified Generation Availability



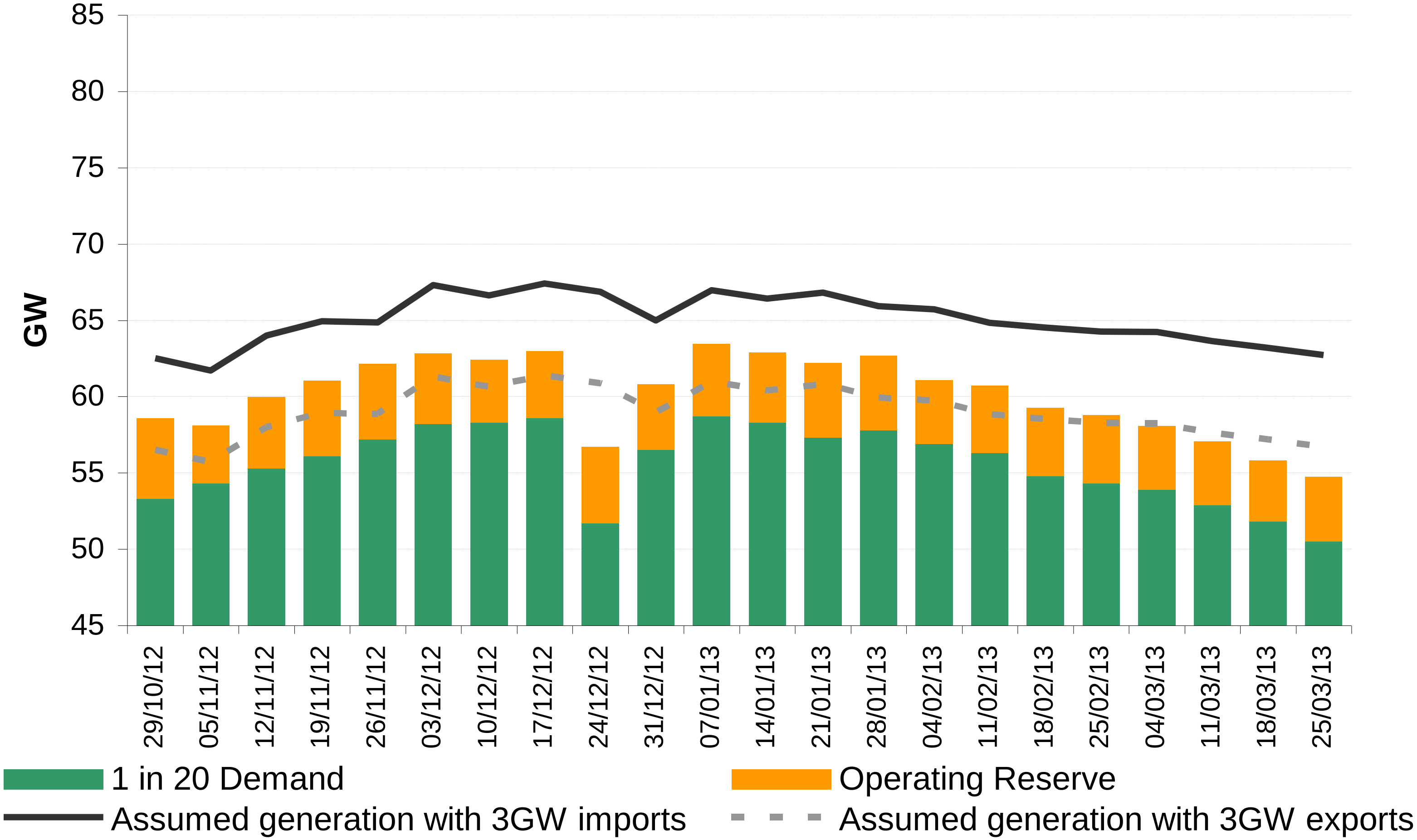
Electricity – Assumed Availability

Power Station Type	Assumed Availability
Nuclear	**84%**
Interconnectors	**100%**
Hydro	**75%**
Wind	**10%**
Coal	**85%**
Biomass	**85%**
Oil	**85%**
Pumped storage	**98%**
OCGT	**94%**
CCGT	**87%**
Total	83%

Electricity – Normal Demand and Assumed Generation Availability



Electricity – 1 in 20 Demand and Assumed Generation Availability



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Winter Outlook 2012 / 13 - Summary

- Gas
  - Forward winter fuel prices strongly favour coal burn over gas
  - Weather corrected gas demand forecast to be lower than last winter
  - Forecast non storage supplies are slightly lower than last winter
  - LNG uncertainty given increased global demand
  - 2012/13 storage deliverability – higher than previous winter, should increase further within winter when new facilities are commissioned
- Electricity
  - Average cold spell demand forecast 0.9 GW higher than last winter
  - Notified and Assumed Generation availability has increased by approximately 1 GW from last winter
  - Demand and full interconnector exports are expected to be met in 1 in 20 conditions