

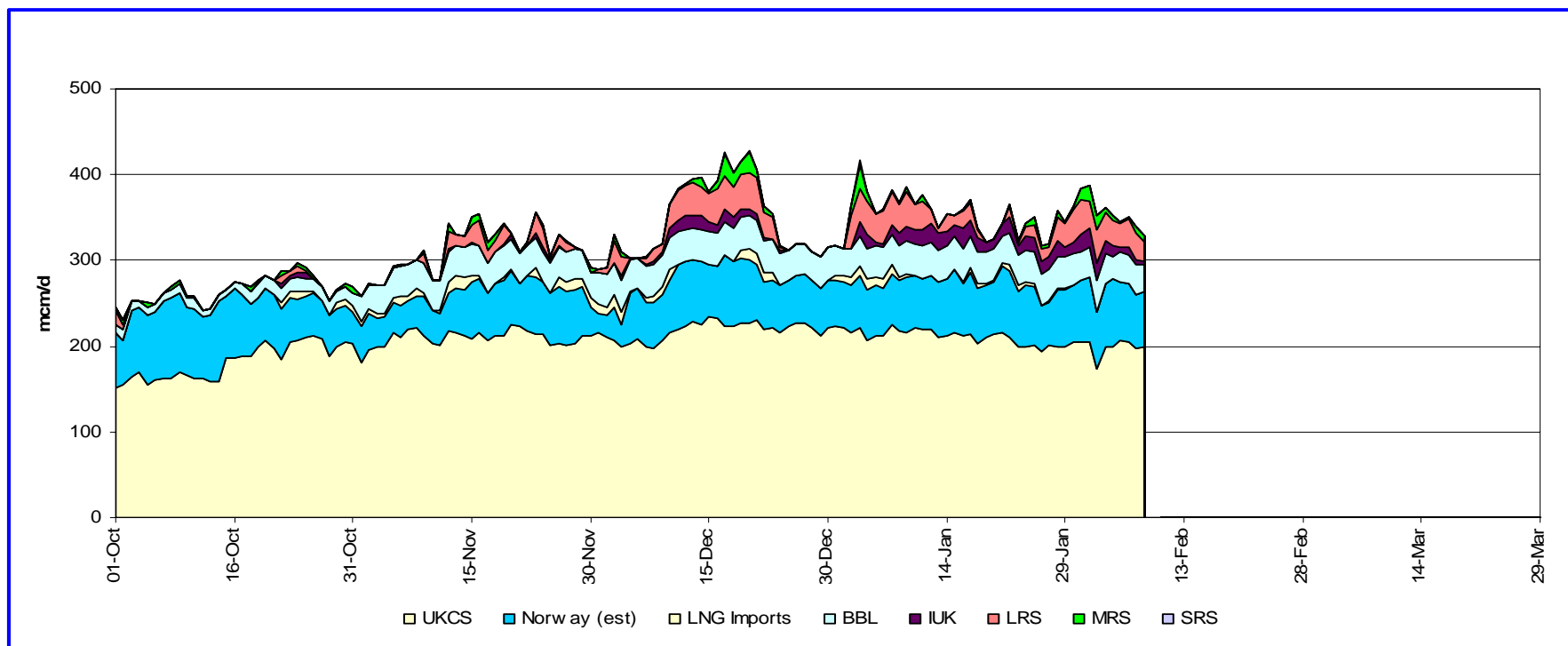
Gas Operations Winter Reporting

Monthly Web Update - February

Monthly Web Update

- ◆ <http://www.nationalgrid.com/uk/Gas/OperationalInfo/monthlyupdates/>
- ◆ The following charts are available online:
 - ◆ Gas Supply Build Up
 - ◆ Gas Demands (breakdown)
 - ◆ UKCS Monitor
 - ◆ Import Assessment
 - ◆ Gas Price vs Interconnector & Storage Activity
 - ◆ Current supply assumptions table

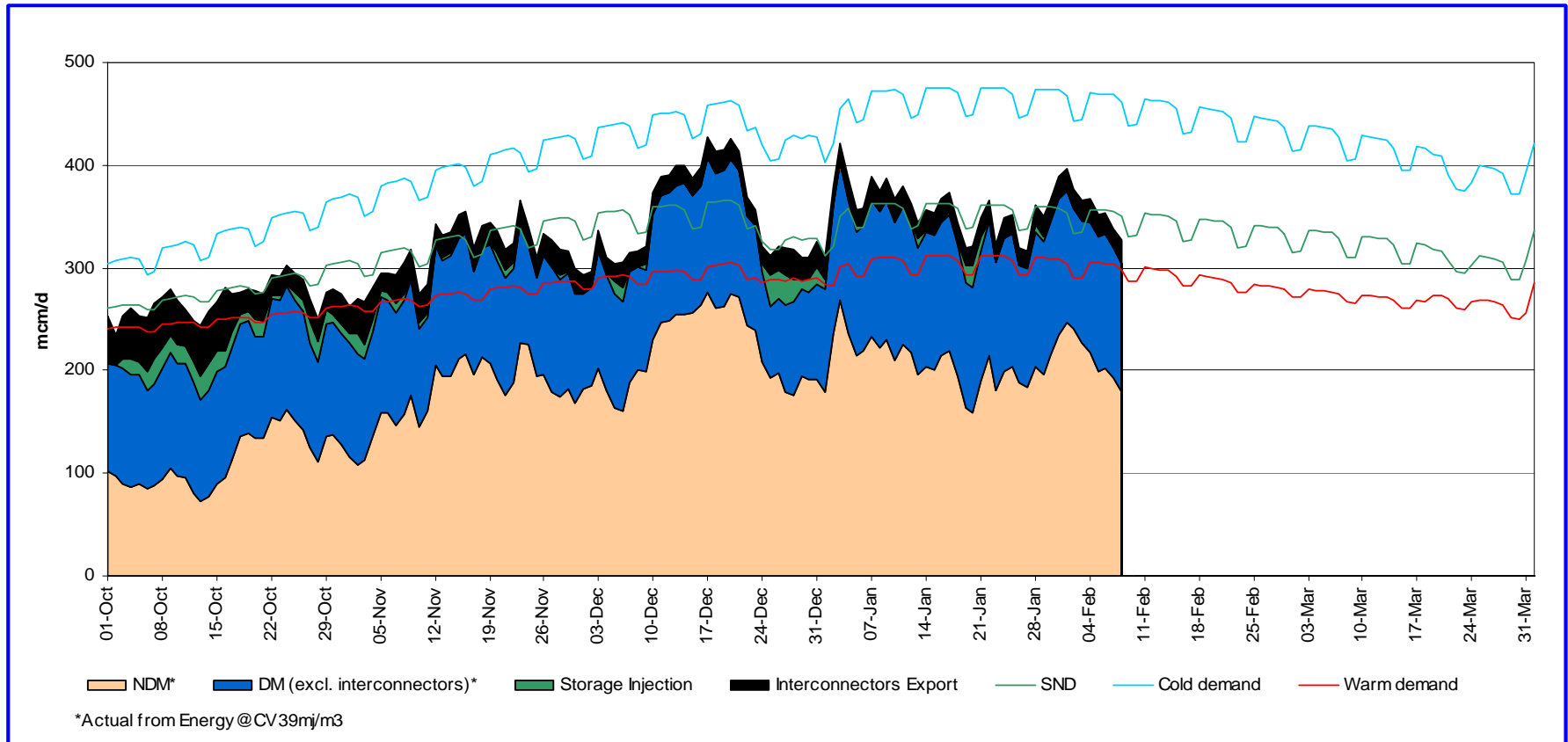
Gas Supply Build Up



- ◆ Recent Supply Characteristics:

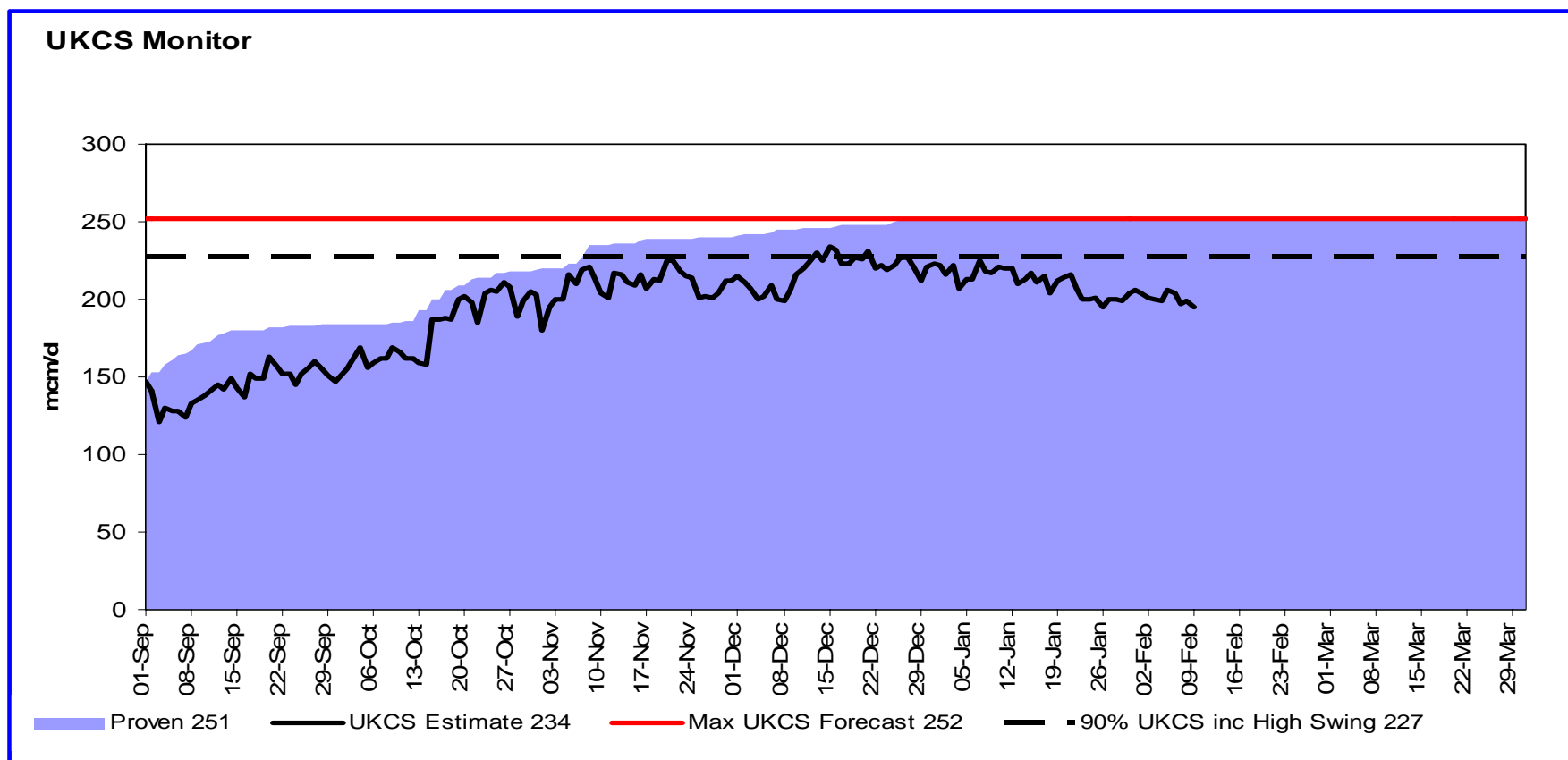
- ◆ UKCS flows decreasing since pre Christmas peak.
- ◆ Norwegian flows steady, with an average of 65mcm/d since December.
- ◆ BBL continuing to flow steadily at around 36mcm/d since December.
- ◆ IUK importing throughout Jan, with an average net import flow of around 15mcm/d and a peak of around 23mcm/d.
- ◆ LNG import flows continue to be small with very little flow in recent weeks.

Gas Demands



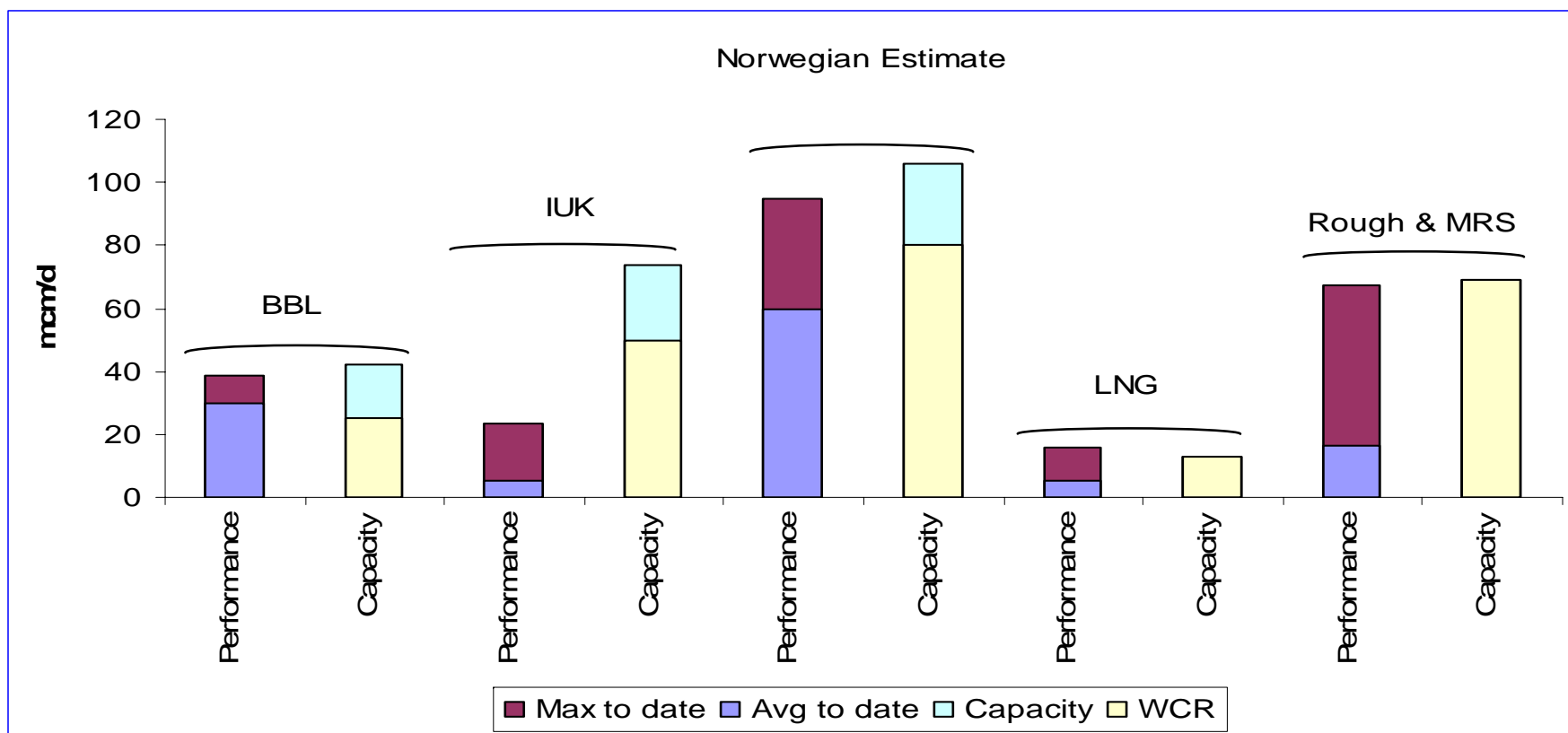
- Recent weather has been fairly unremarkable with demands around seasonal normal.
 - The most notable trend is average DM demand which has increased 20mcm to 127mcm/d since January 1st, with an average of only 107mcm/d before.
 - Storage injection has been very low, with an average of 3mcm/d since December.

UKCS Supply Monitor



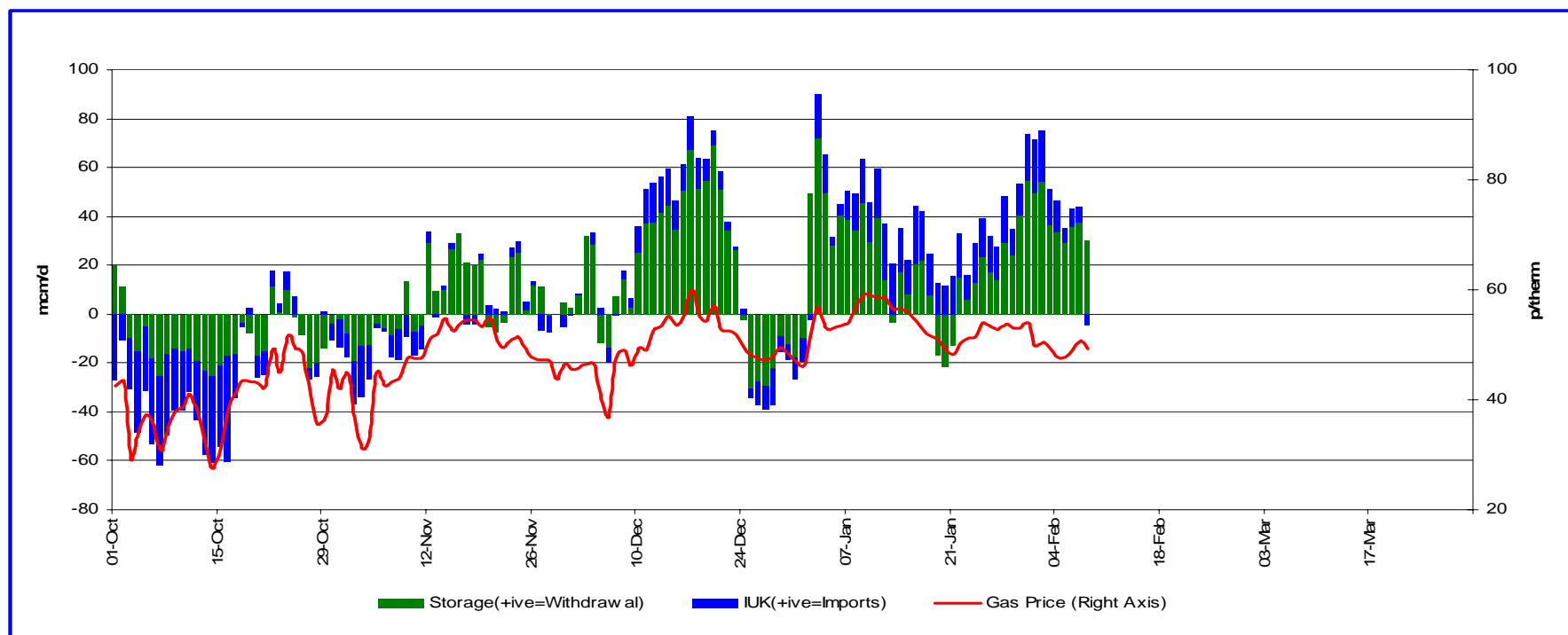
- ◆ UKCS supplies declining since December, which is contrary to demand. Although this is offset by recent significant storage withdrawal and imports.
 - ◆ Proven UKCS supply now 251mcm/d.

Import and Storage Assessment



- ◆ Rough & MRS flows close to what we originally expected this winter.
 - ◆ IUK still well below its Winter Consultation Report (WCR) forecast import flows.
 - ◆ LNG import flows averaging 4mcm/d since December, below forecasts.
 - ◆ BBL averaging flows above WCR forecast.

Gas Price vs IUK & Storage Activity



- ◆ The UK gas price (SAP) has averaged 53p since December, well above the price seen this time last year.
 - ◆ The period saw heavy storage withdrawal into the NTS (+ve green bars).
 - ◆ This was broken up by 3 days of net injection from the NTS which coincided with a dip in price (around 49p) in mid January. Peak withdrawal was 72mcm on 3rd Jan.
 - ◆ IUK had been consistently importing (+ve blue bars) until last Friday when forward flows to the continent resumed. Peak imports were 24mcm on 16th Jan.

Supply Assumptions Update

-	Winter Consultation (Sept 2007)	Latest View (28/1/08)	Max to date	Comments
UKCS	227	227	234	All terminals flows broadly in line with forecast including high swing supplies at Bacton - no change to supply assumptions
Norway	80	85	95	Though forecast has been exceeded, at recent higher demands flows were in line with forecast. Tampen link now believed to be flowing.
IUK	50	40	24	Flows marginally below expectation, but not required by market due to healthy supplies and increased BBL
BBL	25	35	38	Flows above forecast, one of the factors for lower IUK
LNG	33	3	16	Latest view excludes Milford Haven. Grain reduced from 13 to 3 to reflect the lack of scheduled boats.
Total Non-Storage	415	390	406	-
Supply Risk	20	0	0	Supply risk now utilised
Safety Monitor	395	390	0	-
Long Range Storage	37	42	44	Latest view for Rough increased to reflect Transfer & Trades (see below) and recent shipper auctions
Medium Range Storage	45	32	27	Latest view now excludes Aldbrough
Short Range Storage	49	49	6	Higher LNG flows still expected if higher demands are experienced
Total Storage	131	123	77	-
Other comments - Transfer & Trade has lead to higher flows at Easington with at times, lower flows at donor ASEPs. Tampen link believed to be flowing.				