Operational Overview

April and May 2008

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Overview.

- Weather.
- Demand.
- Supply and Storage.
- Market, Prices and Actions.
- Capacity.
- Throughput and Neutrality – April Closed out figures.

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Effects of Grangemouth Outage

- 2 day outage at Grangemouth
  - April 27th & 28th
- Affect deliveries from Forties Pipeline System
  - Approx 80mcmd max
    - 40mcmd St Fergus, 20mcmd Teesside, 20mcmd Bacton
  - After the outage, supplies recovered over a number of days

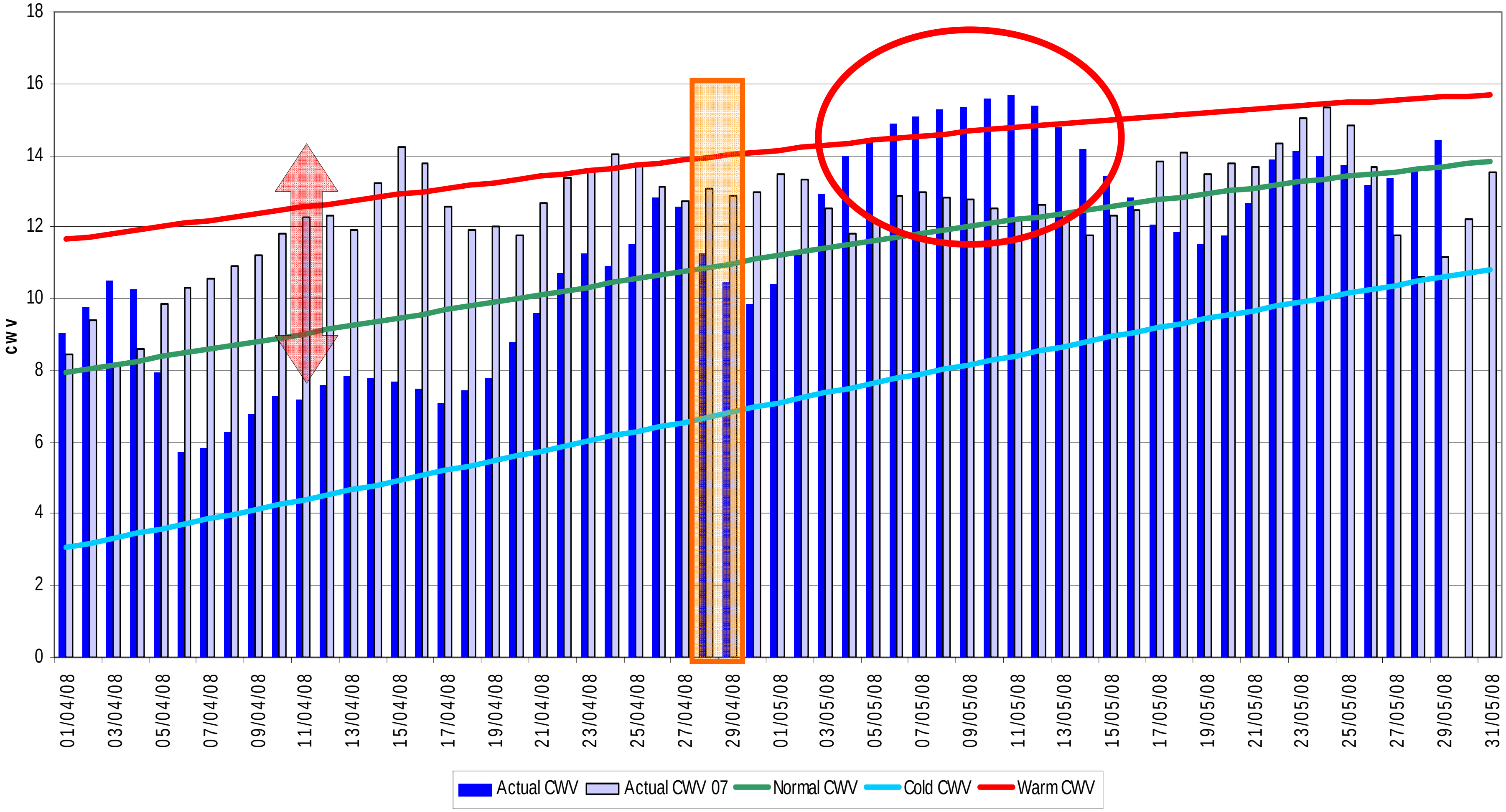
- Average Temperatures
- Below Average demand
- Plentiful Supply Capability

- Very little operational impact

Weather

Composite Weather Variables

From 01-April-2008 to 31-May-2008



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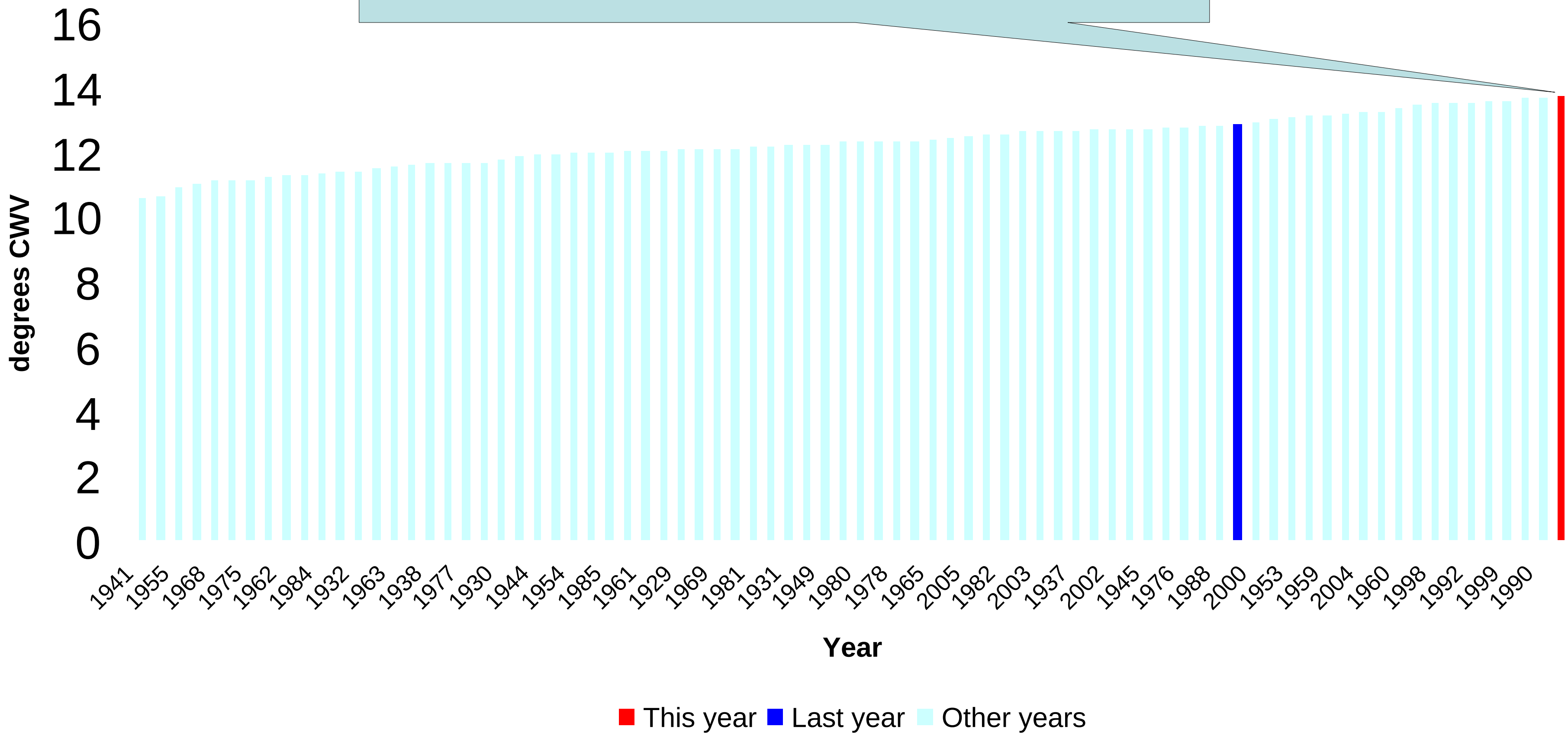
Mean National Composite Weather Variable for May

May Mean Composite Weather Variables from 1941 to 2008

May 2008 was on average the warmest on record.
Mean CWV was 13.73 compared to last year at 12.85



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April Weather Lookback

- **UK**
- Low pressure and cold northerly winds.
- Temperatures lower than 1971-2000 average.
- Max of 15.4°c at Gravesend, Kent.
- Min of -11.4°c at Braemar, Aberdeenshire.
- Rainfall 38% above long term average, with 15th March one of the wettest in history.

- **Europe**
- Generally colder than average.
- Rainfall also above average.

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May Weather Lookback

- **UK**
- Mean temperatures 2-3°C above normal.
- Warmest May in the met office series back to 1914 for the UK.
- Very wet towards month end with up to 33mm rain falling on Southern England on 26th.
- Great Malvern recorded a maximum temperature of 27.5°C on the 11th.
- Kinbrace (Highlands) recorded a temperature of -6.2°C on the 19th.

- **Central Europe**
- Temperatures generally warm.
- Rainfall above average.

June Weather Forecast

- **UK**
- After a changeable start, June should improve and by week 2, forecast is for warm and sunny weather across the UK.
- Temperatures up to 28°c in S. England.
- This may turn unsettled and thundery by end week 2.
- The third week in June is again forecast as unsettled, but still with good periods of sunshine ~22°c.
- Precipitation is forecast to be around average across the month.

- **Europe**
- Europe as a whole likely to see avg. temperature and rainfall, with steady improvement.
- S. Europe more likely to see unsettled weather, though still warm.

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Weather Summary Slide

- April cooler than 2007, but still mainly within expectations
- Warmest May on Record
  - although cooler weather dominated towards end month.
- Warmest Day 11/05 with CWV of 15.7°c

- UK has gone into June unsettled.
- Rest of June looking mixed but generally warmer than average.
- Europe as a whole looking at average temperature and precipitation.

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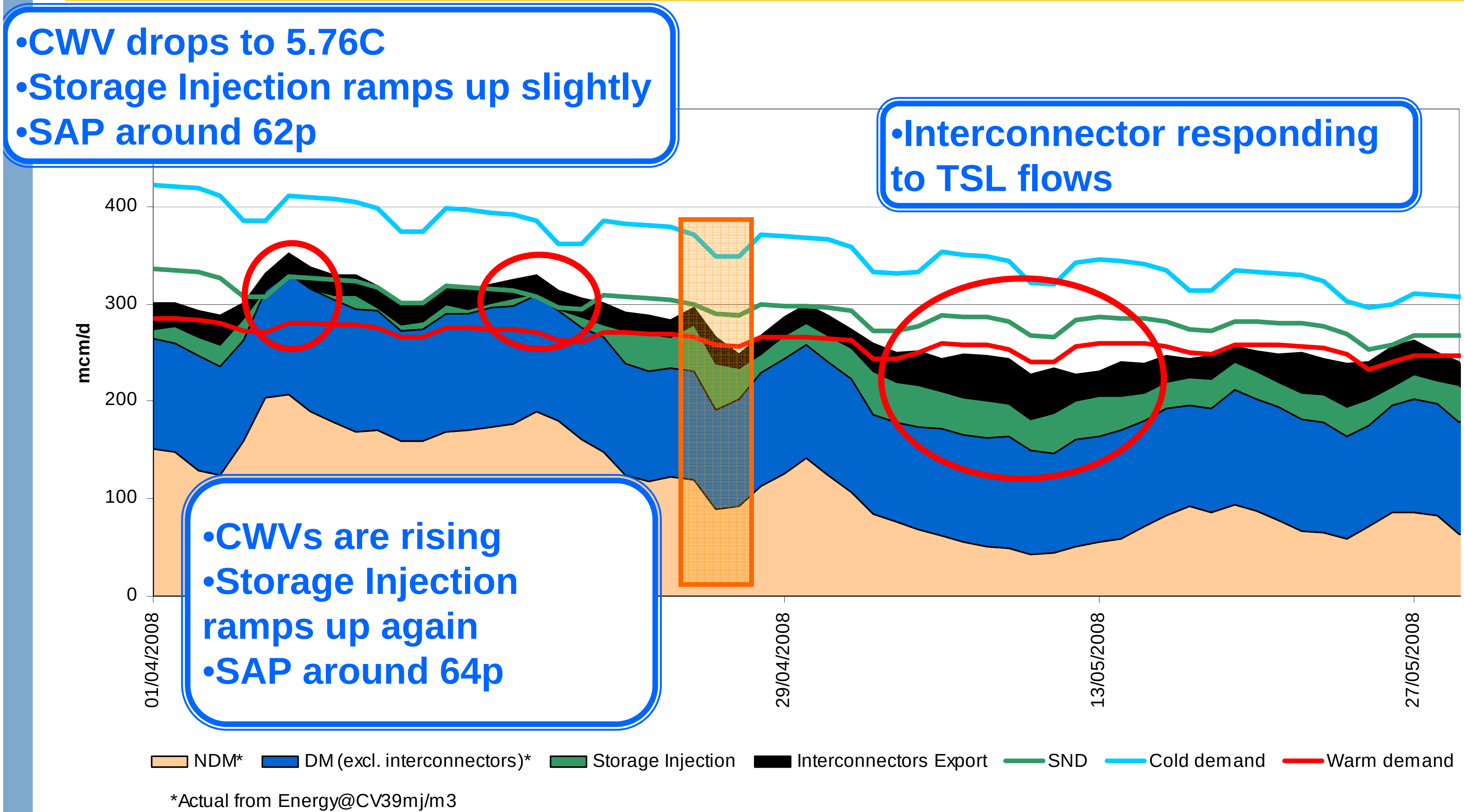
Demand

Gas Demand Breakdown
From 01-April-2008 to 29-May-2008



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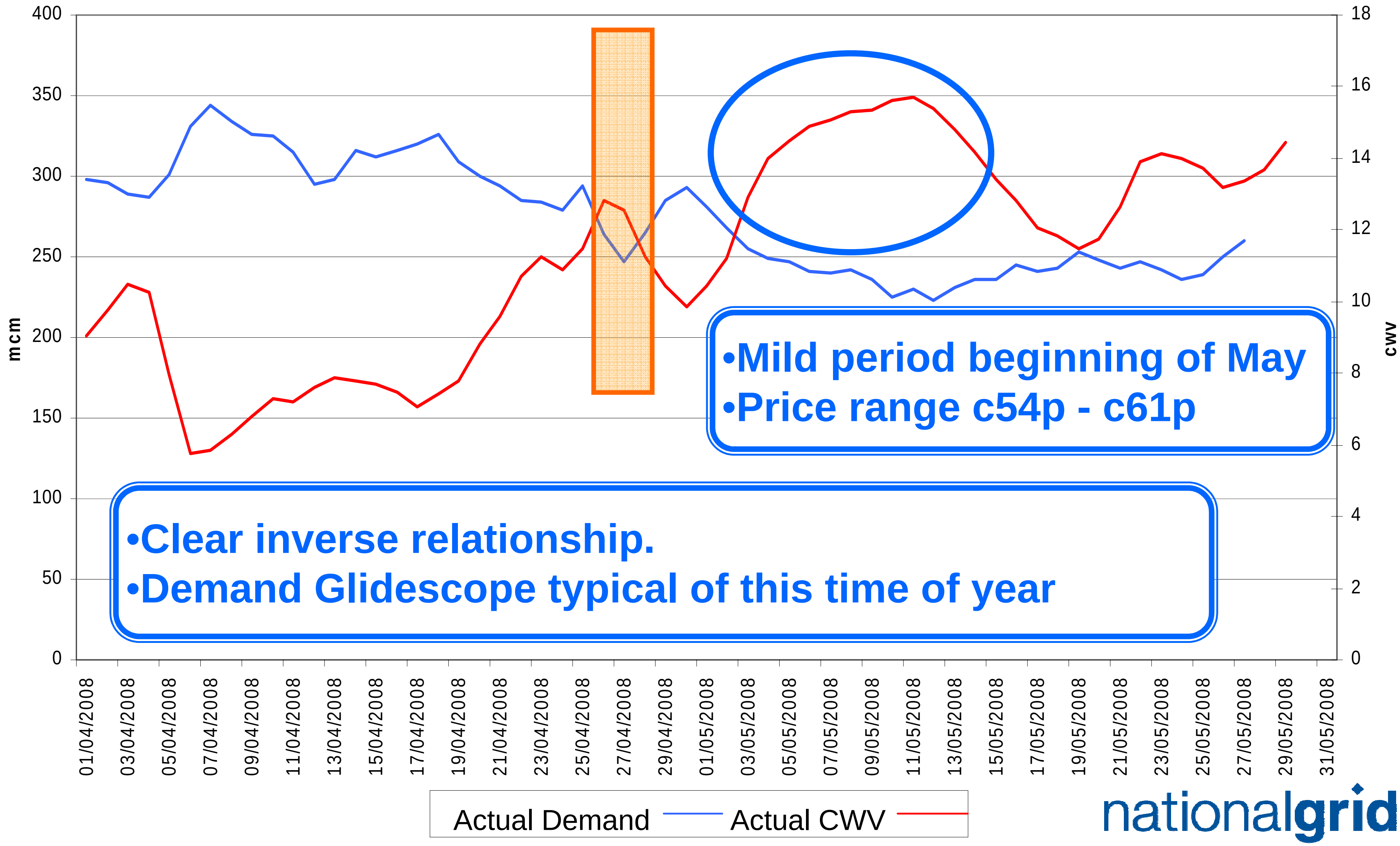
Actual CWV vs Actual Demands

From 01-April-2008 to 31-May-2008



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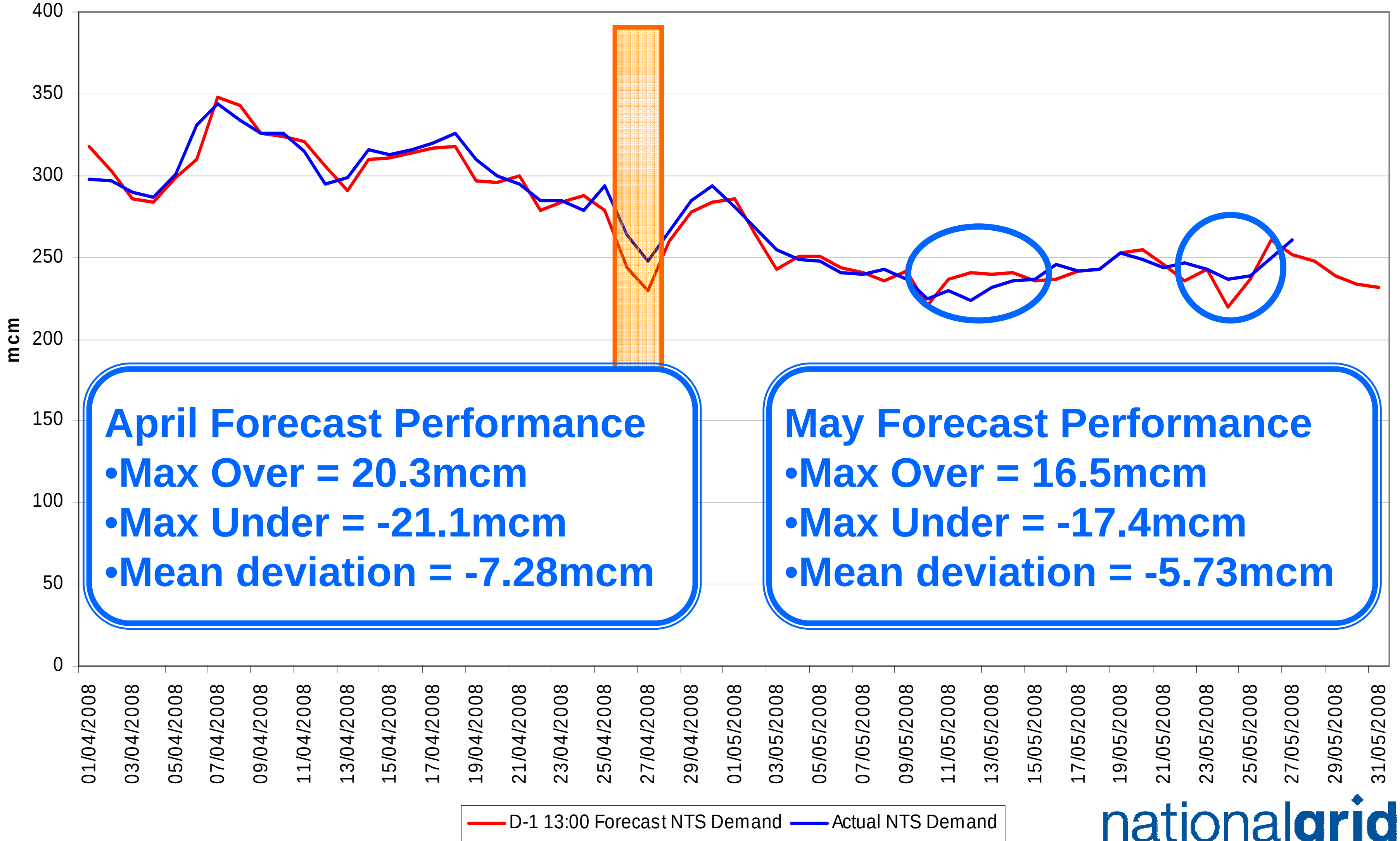
D-1 13:00 Forecast Demand vs Actual Demand

From 01-April-2008 to 31-May-2008



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Demand Summary Slide

- First 3 weeks of April roughly followed the SND curve before dropping to follow the Warm Demand curve through to the end of May.
  - Significant drops in NDM demand were replaced by Interconnector and Storage Injection demand.

- Forecasting performance remains within expectations.
  - Despite April & May being “Shoulder” months.

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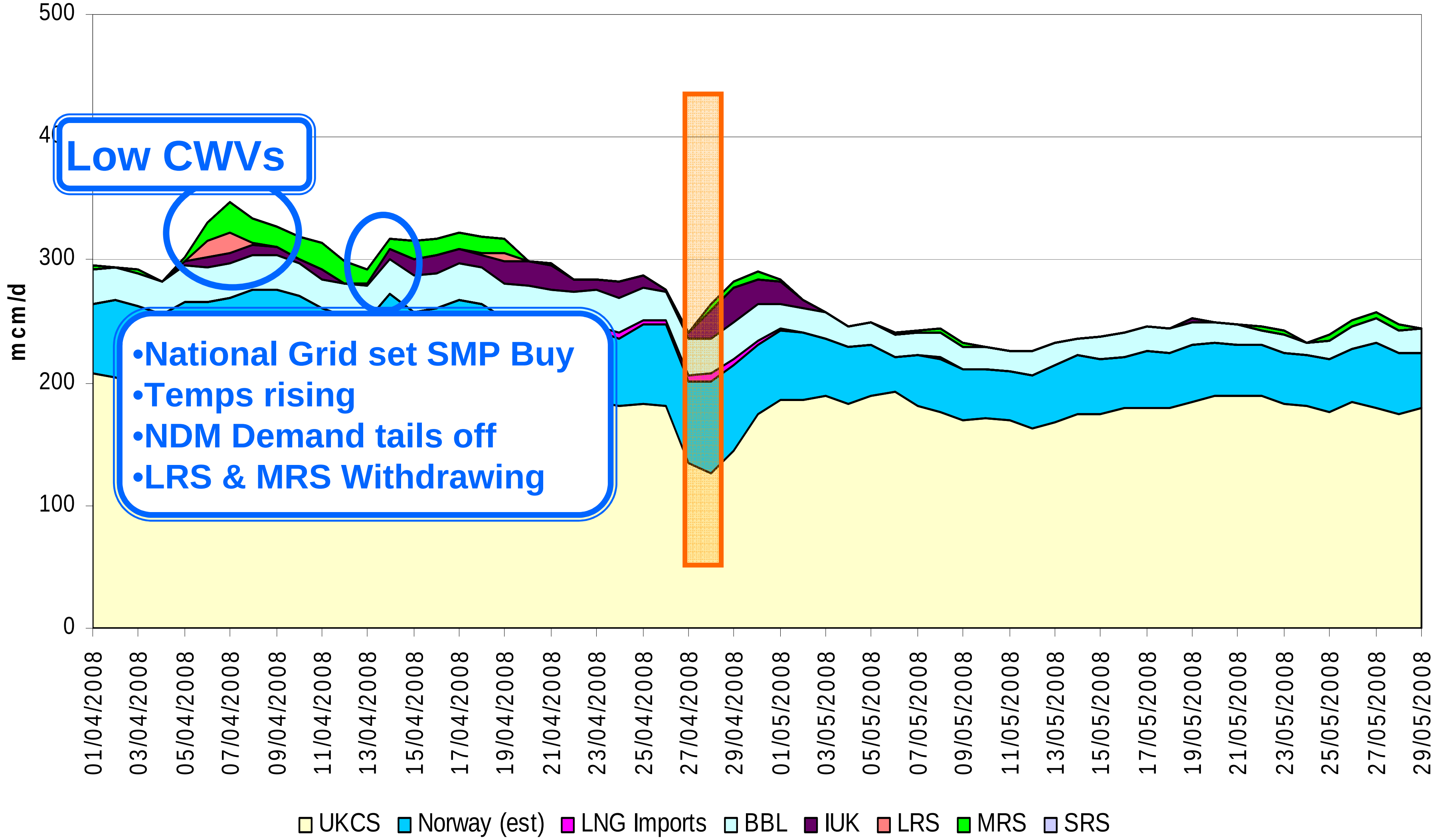
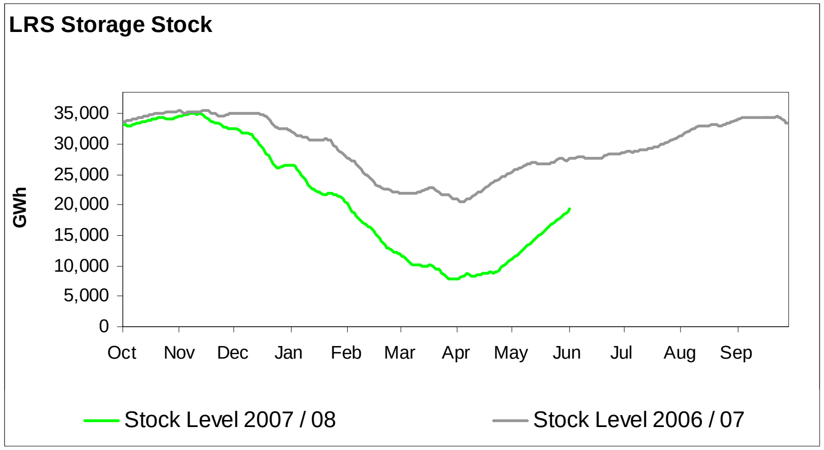
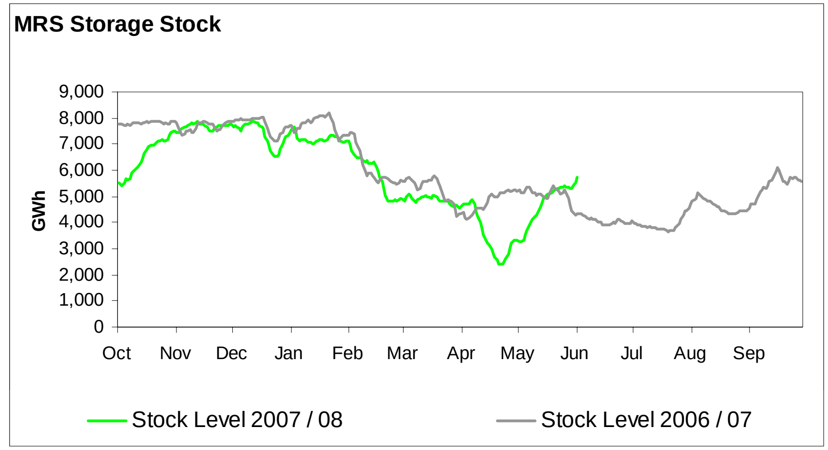
Supply and Storage

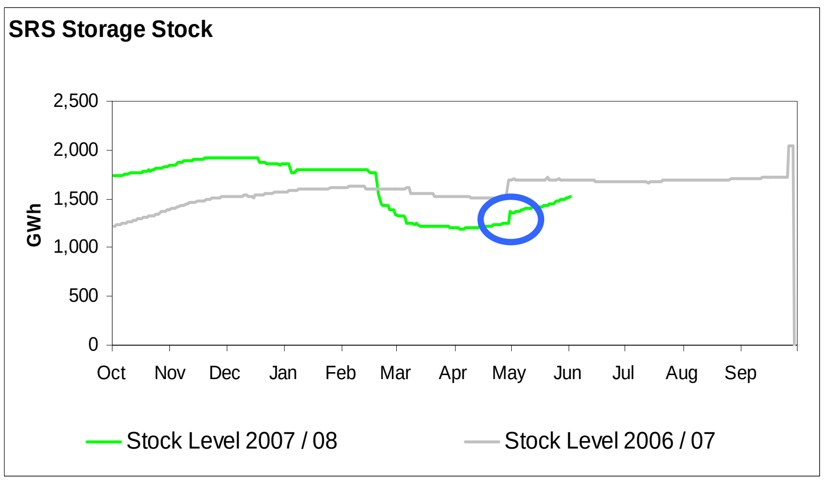
Gas Supply
From 01-April-2008 to 29-May-2008



Storage Stocks
From 01-April-2008 to 31-May-2008







- LRS: Filling rapidly in response to heavy winter usage.
- MRS: Heavy filling now slowed. More price swing reactive.
- SRS filling at typical rates.
- SRS step change due to National Grid Operating Margins being recalculated.

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Supply Summary Slide

- Comfortable amount of supply available.
- BBL & IUK changes.
- Low flows seen from Isle Of Grain.
- Grangemouth (Forties Pipeline System) outage resulted in 60MCMD UKCS production dip.
- Storage stock levels continue to increase, despite starting from lower levels than those of last summer.

Market and Prices

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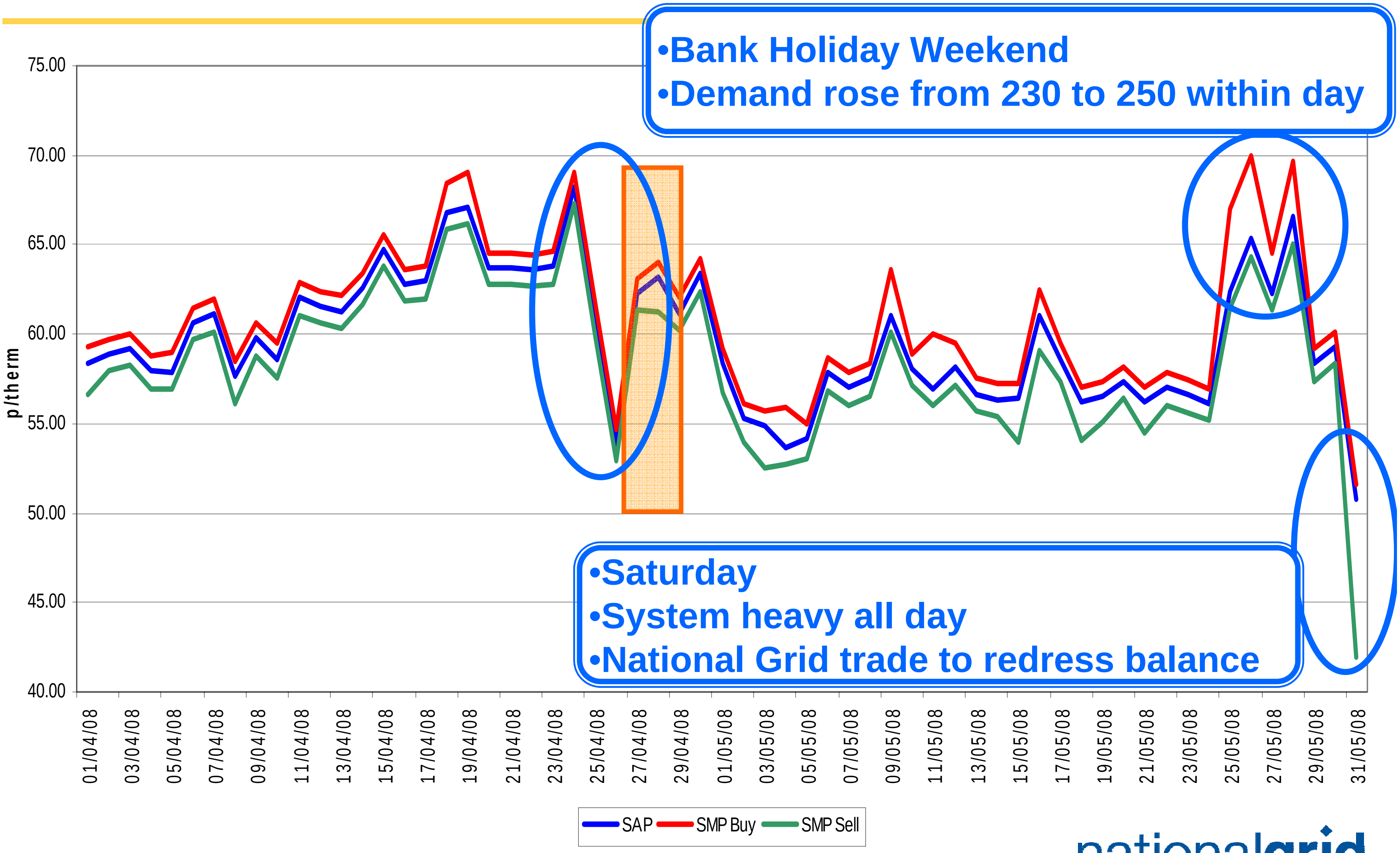
System Prices

From 01-April-2008 to 31-May-2008



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System Prices

From 01-June-2007 to 31-May-2008

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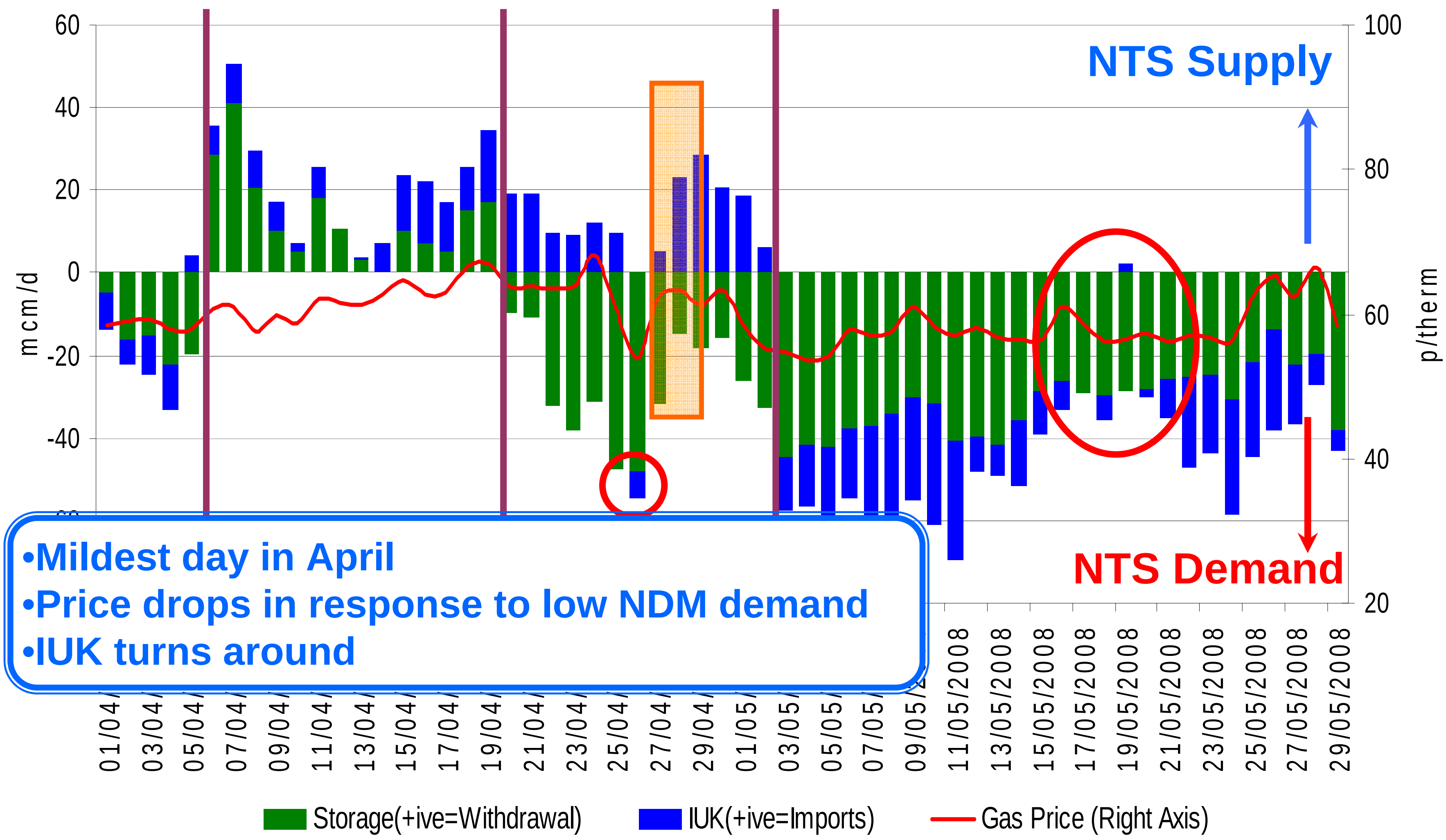
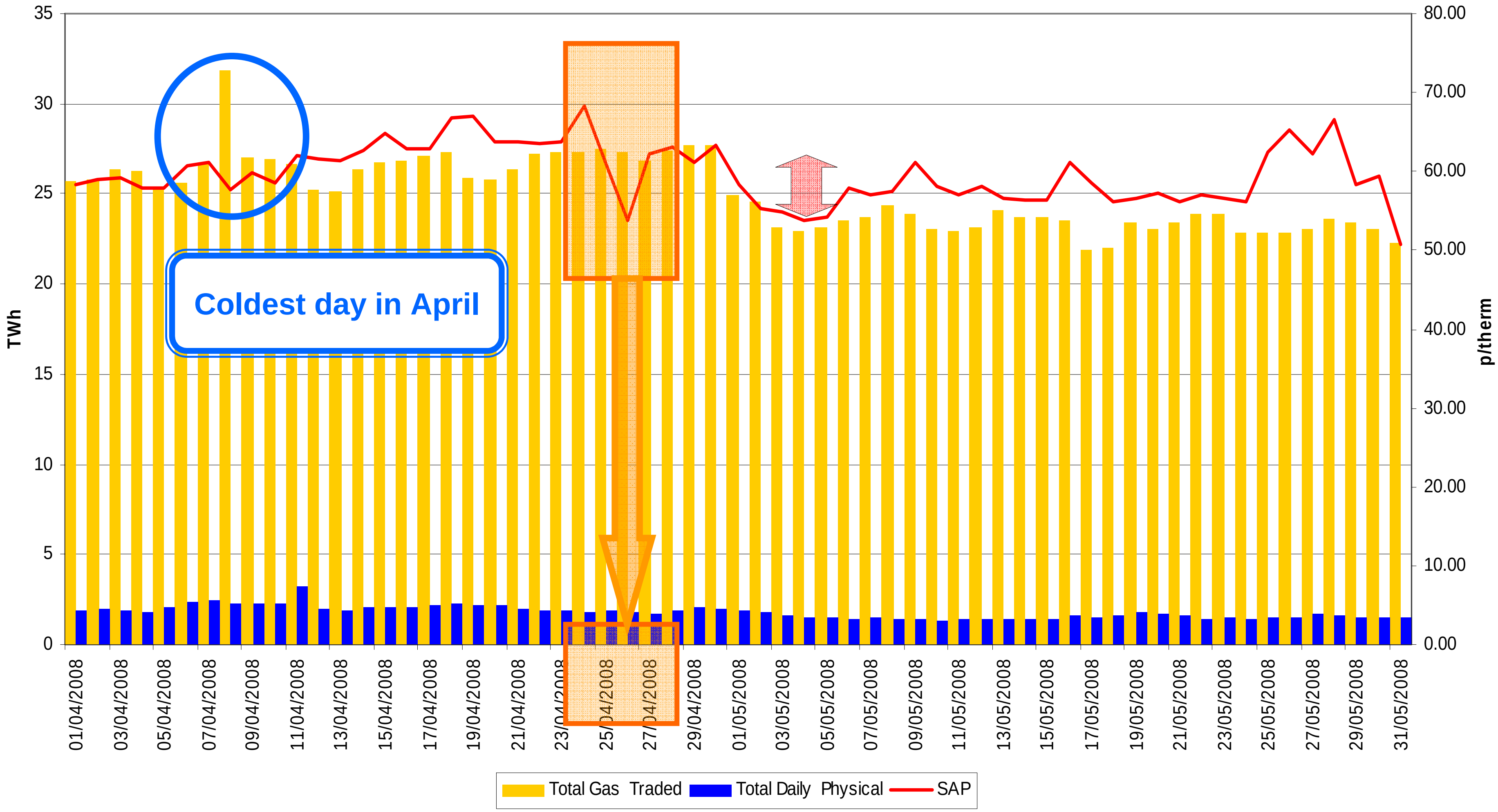
Interconnector & Storage Outturn

From 01-April-2008 to 29-May-2008



All NBP Trades vs System Prices

From 01-April-2008 to 31-May-2008



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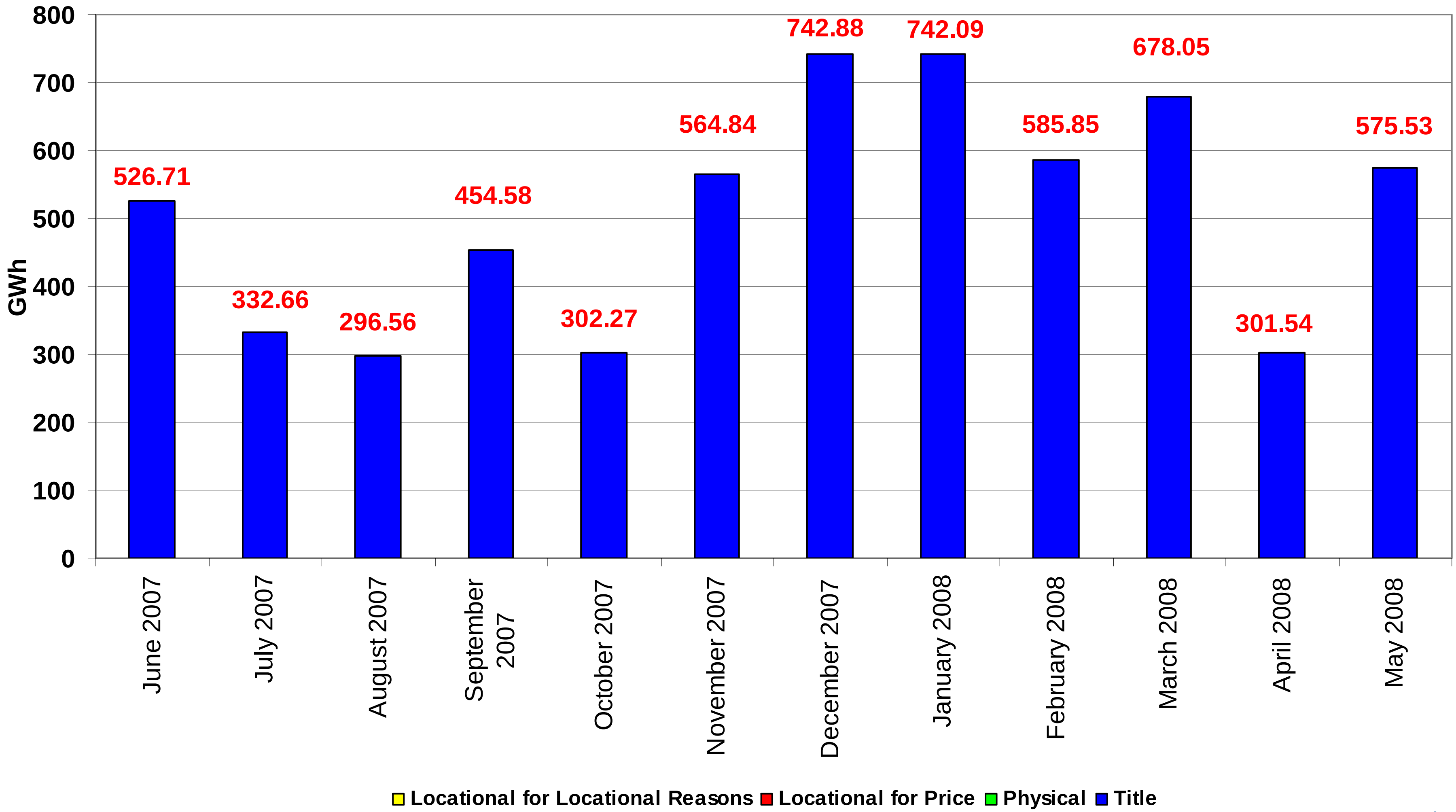
Transporter Energy Traded on the OCM – By Market

From June 2007 to May 2008



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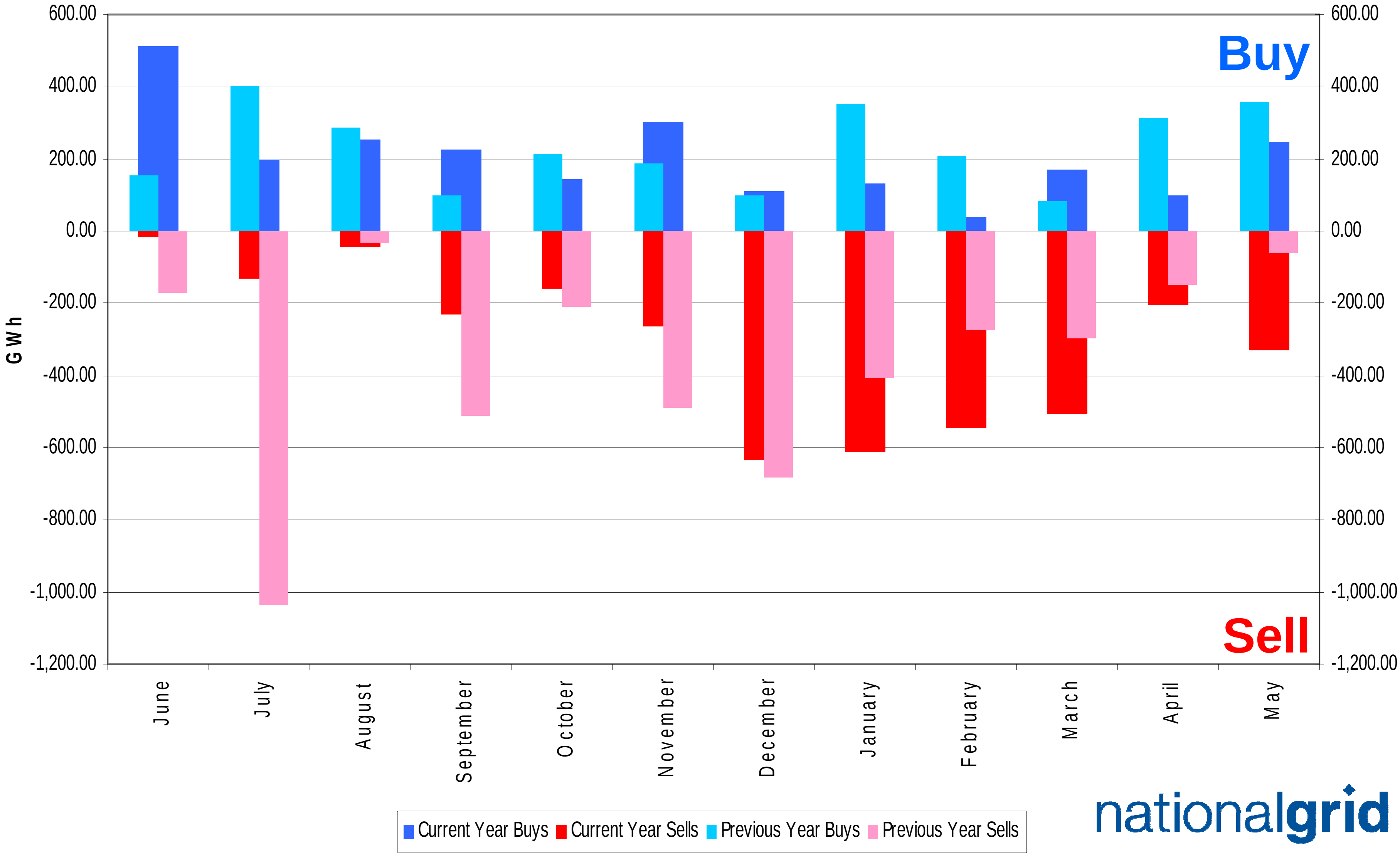
Transporter Energy Traded on the OCM – Buys / Sells

Comparison between 2008 and 2007 – June to May



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Days of Default SMP Prices

From 01-April-2008 to 31-May-2008

Percentage of Days of Default SMP
April 2008

SMP Buy	SMP Sell	Both
90.0%	86.7%	76.7%

Percentage of Days of Default SMP
May 2008

SMP Buy	SMP Sell	Both
71.0%	61.3%	38.7%

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Market & Prices Summary

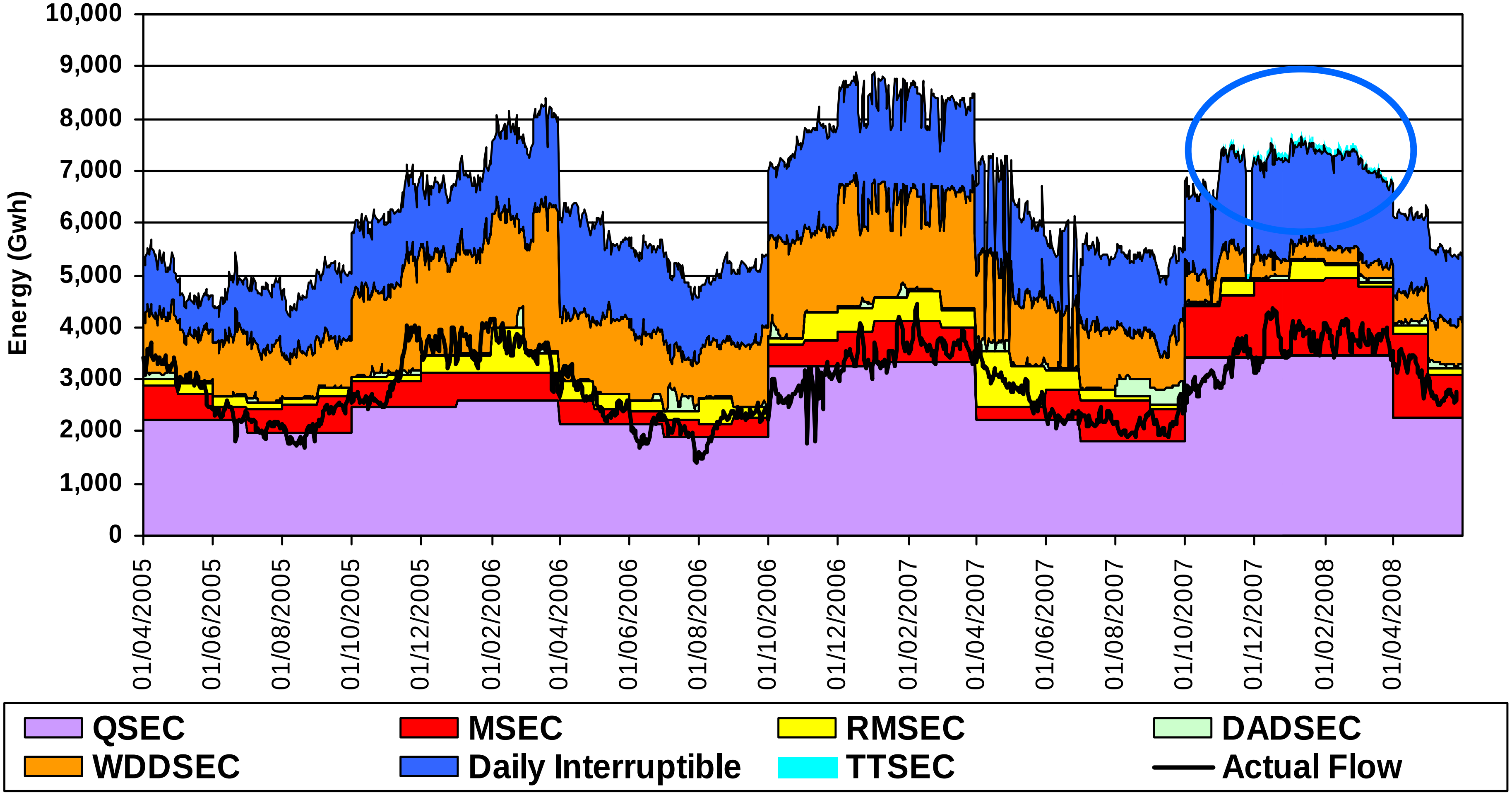
- SAP No evidence of summer price dropping.
- Grangemouth incident had short term effect on market.
  - Price spike followed by a trough.

- A drop in Total Energy traded on the NBP in May.

Capacity

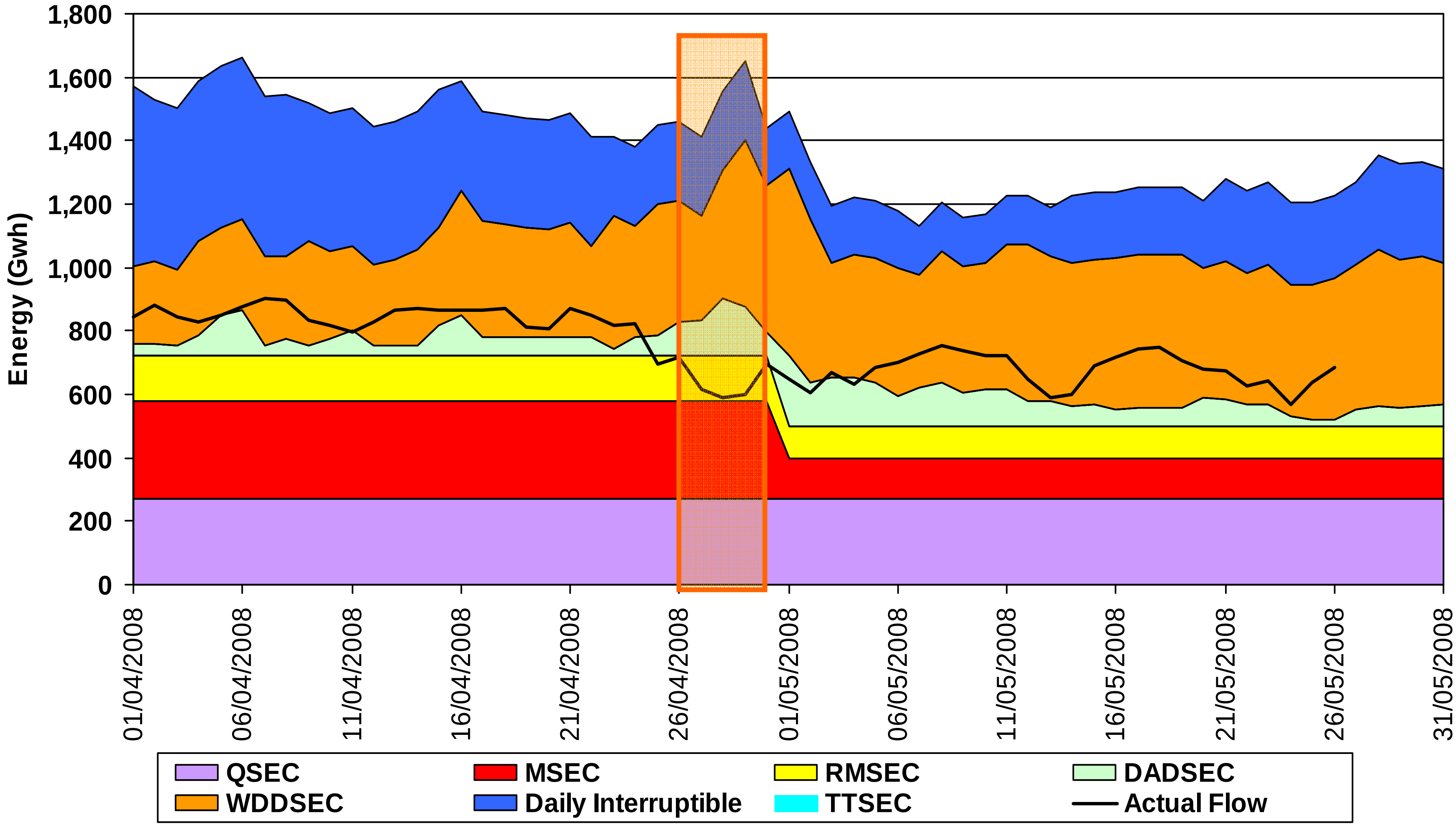
Capacity Sold vs Actual Flows (For the 6 Major ASEPS)

From 01-April-2005 to 31-May-2008



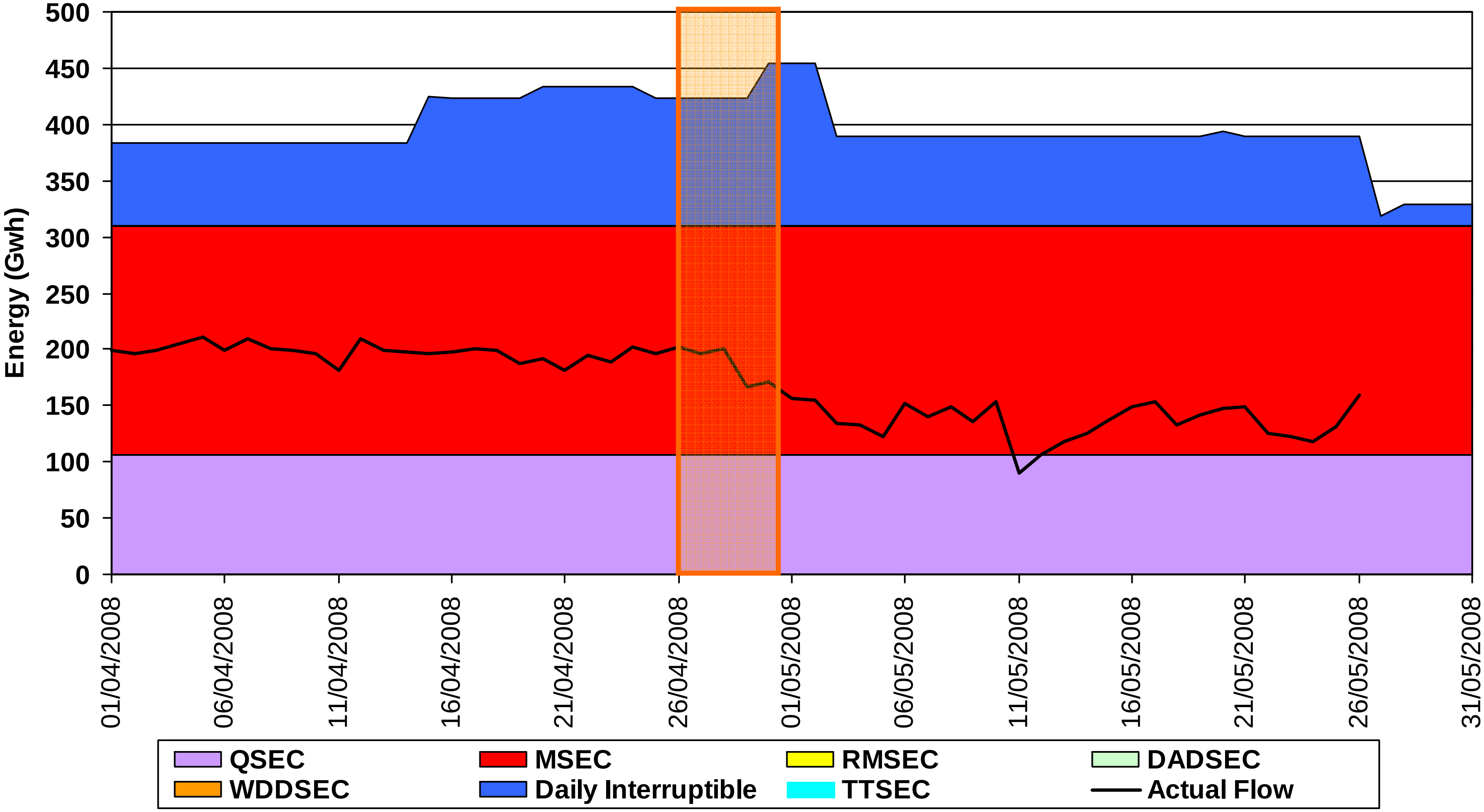
Bacton – Capacity Sold vs Actual Flows

From 01-April-2008 to 31-May-2008



Barrow – Capacity Sold vs Actual Flows

From 01-April-2008 to 31-May-2008



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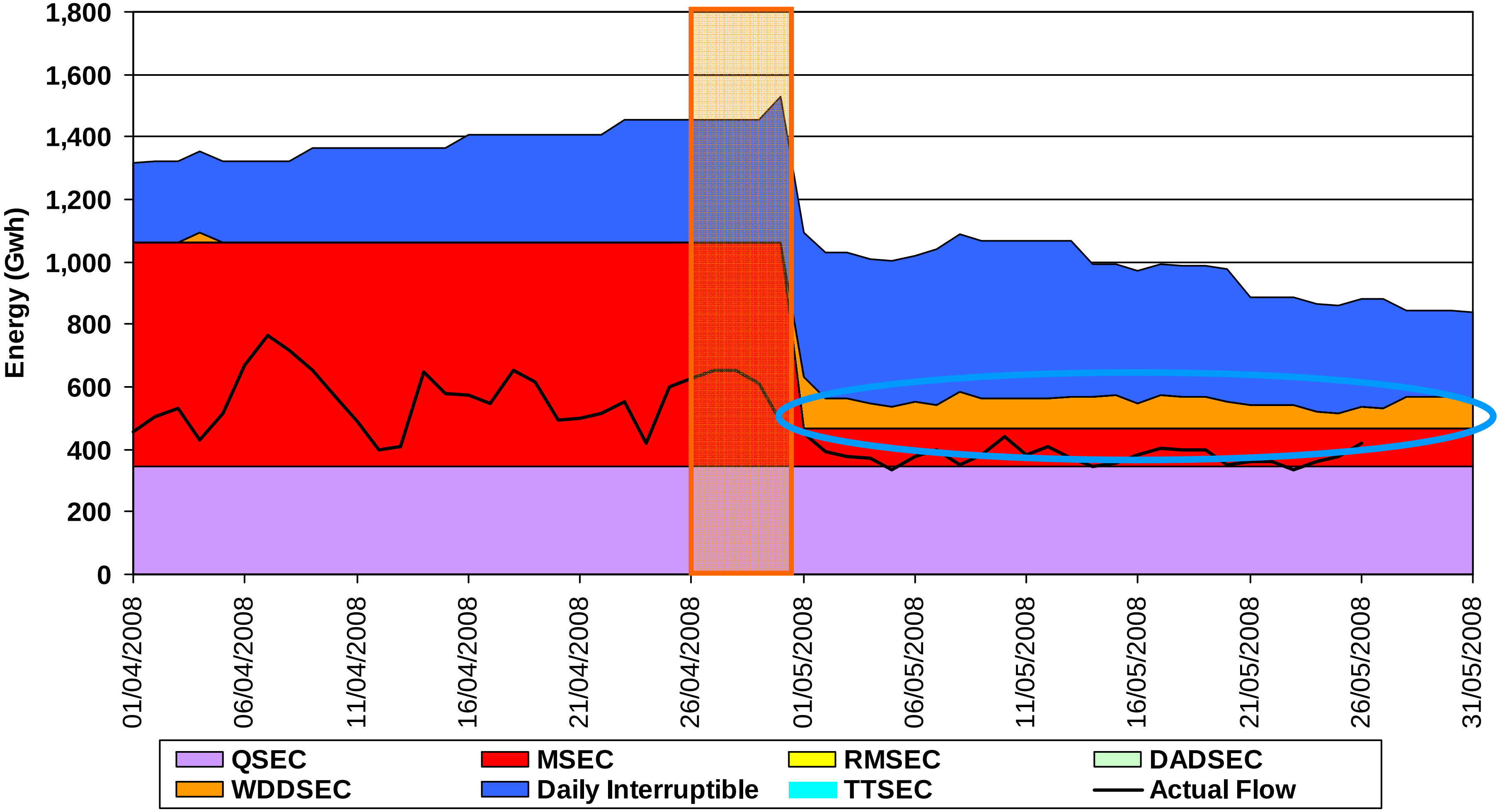
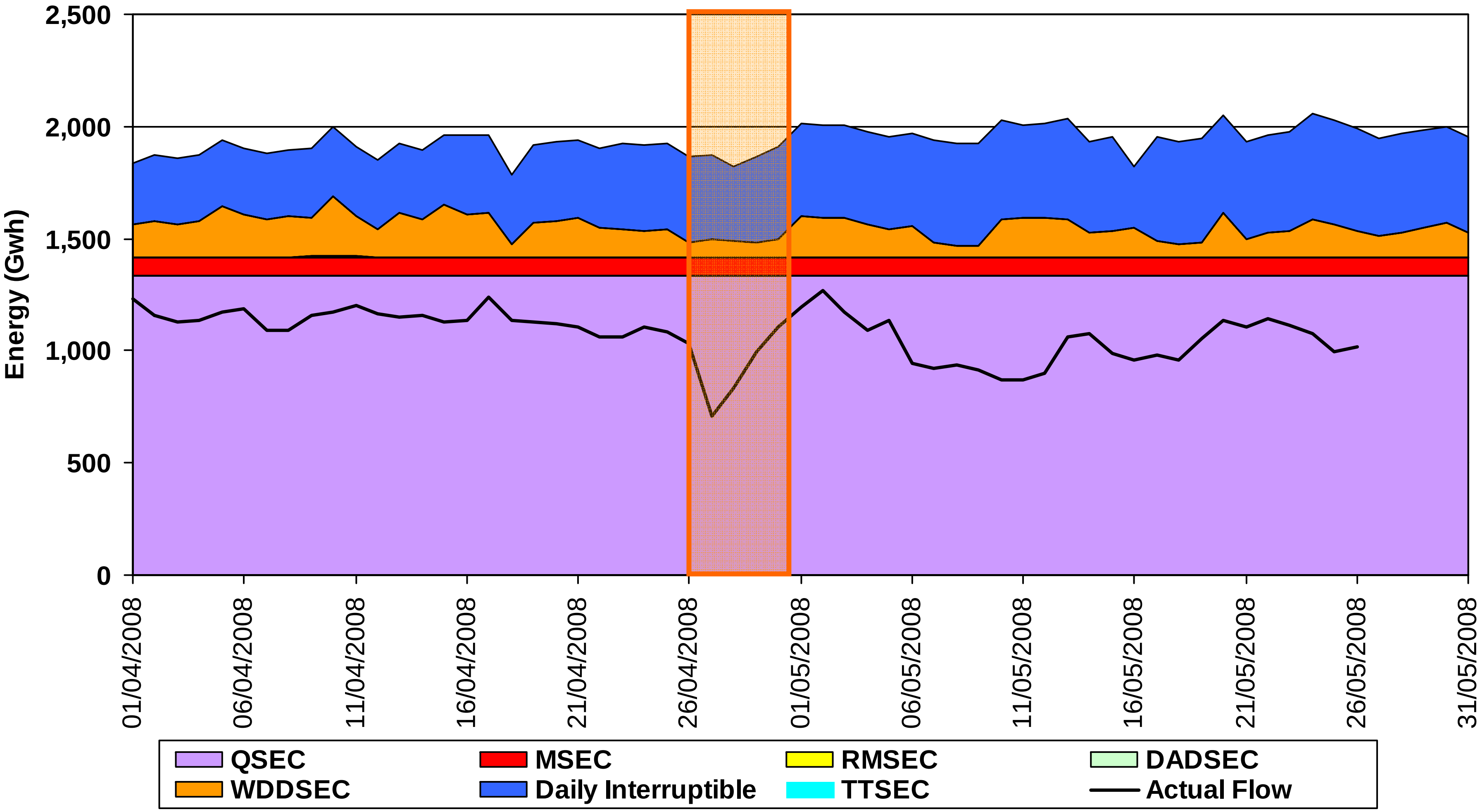
Easington – Capacity Sold vs Actual Flows

From 01-April-2008 to 31-May-2008



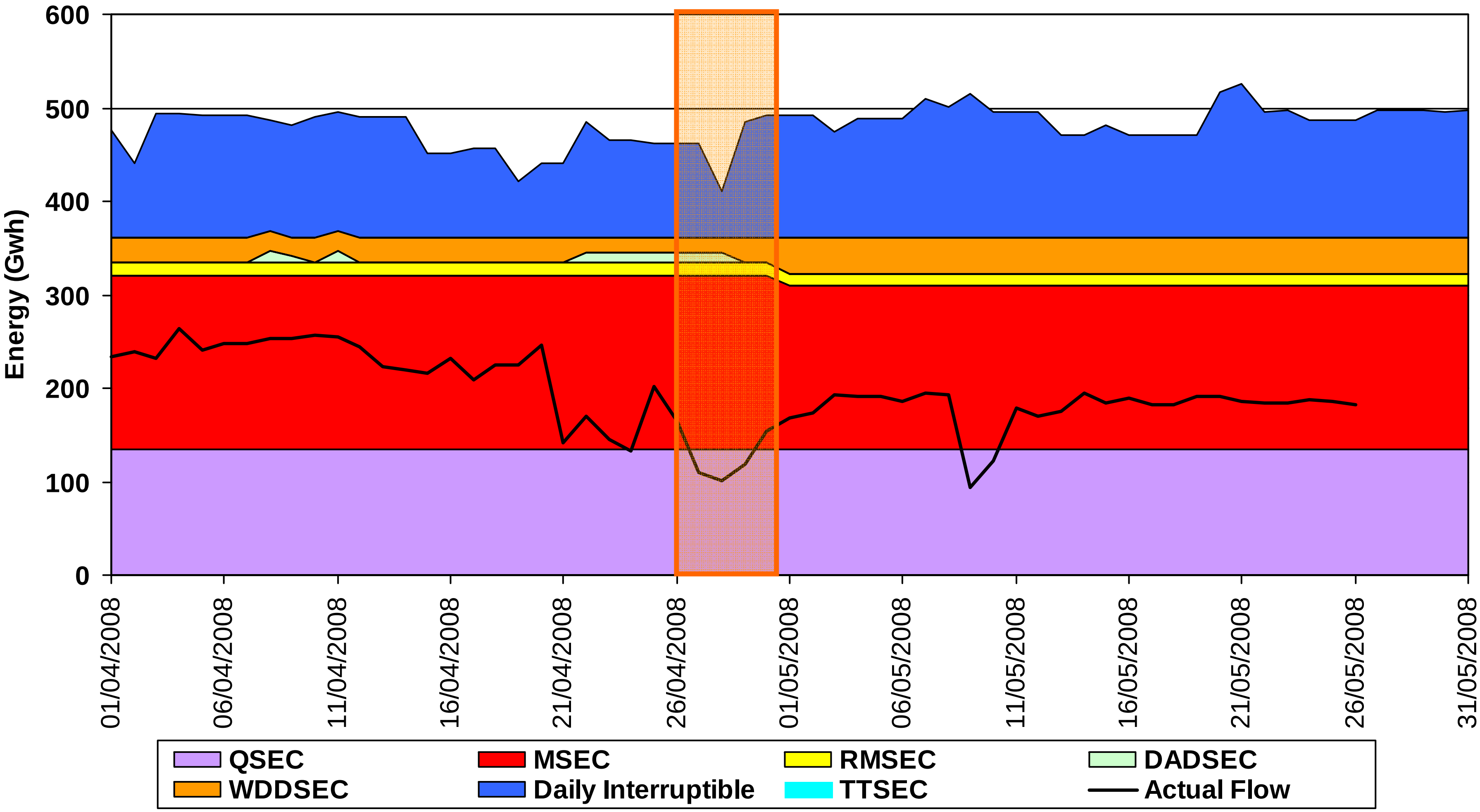
St Fergus – Capacity Sold vs Actual Flows

From 01-April-2008 to 31-May-2008



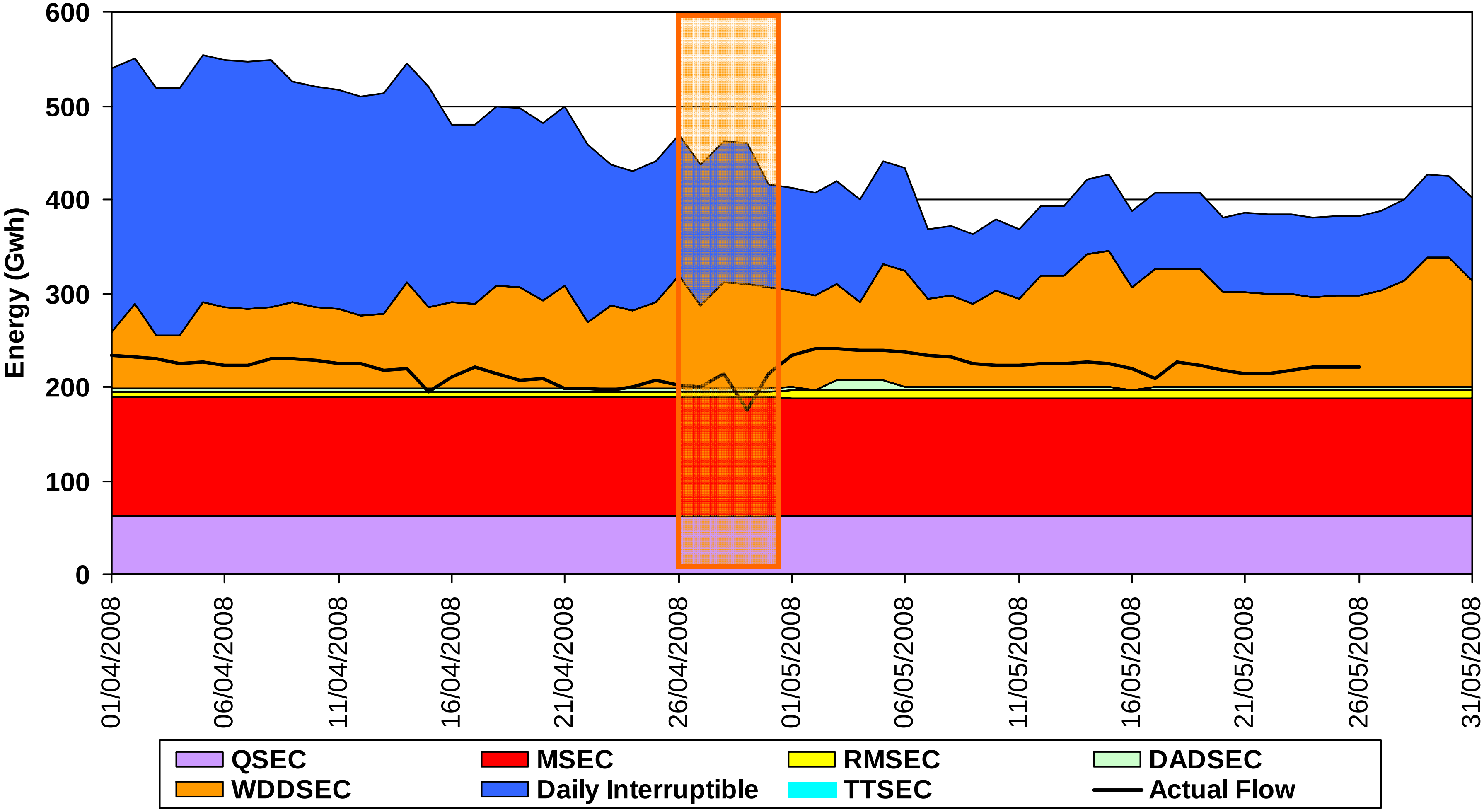
Teesside – Capacity Sold vs Actual Flows

From 01-April-2008 to 31-May-2008



Theddlethorpe – Capacity Sold vs Actual Flows

From 01-April-2008 to 30-April-2008



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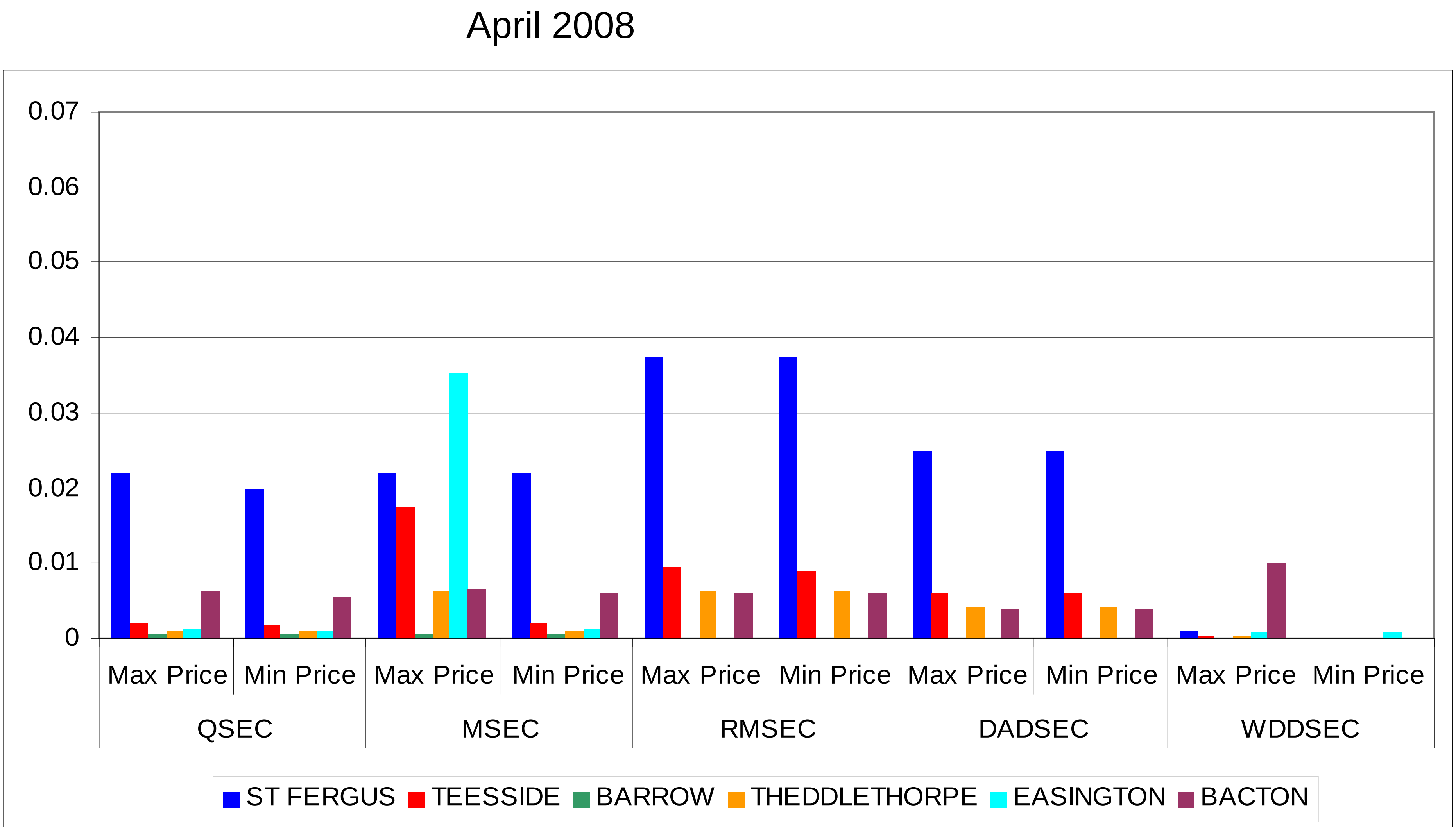
Capacity Scalebacks and Capacity Buybacks

From 01-April-2008 to 31-May-2008

- There were no Capacity Scalebacks for April or May 2008.
- There were no Capacity Buybacks for April or May 2008.

Capacity Auction Price Comparison

April-2008.



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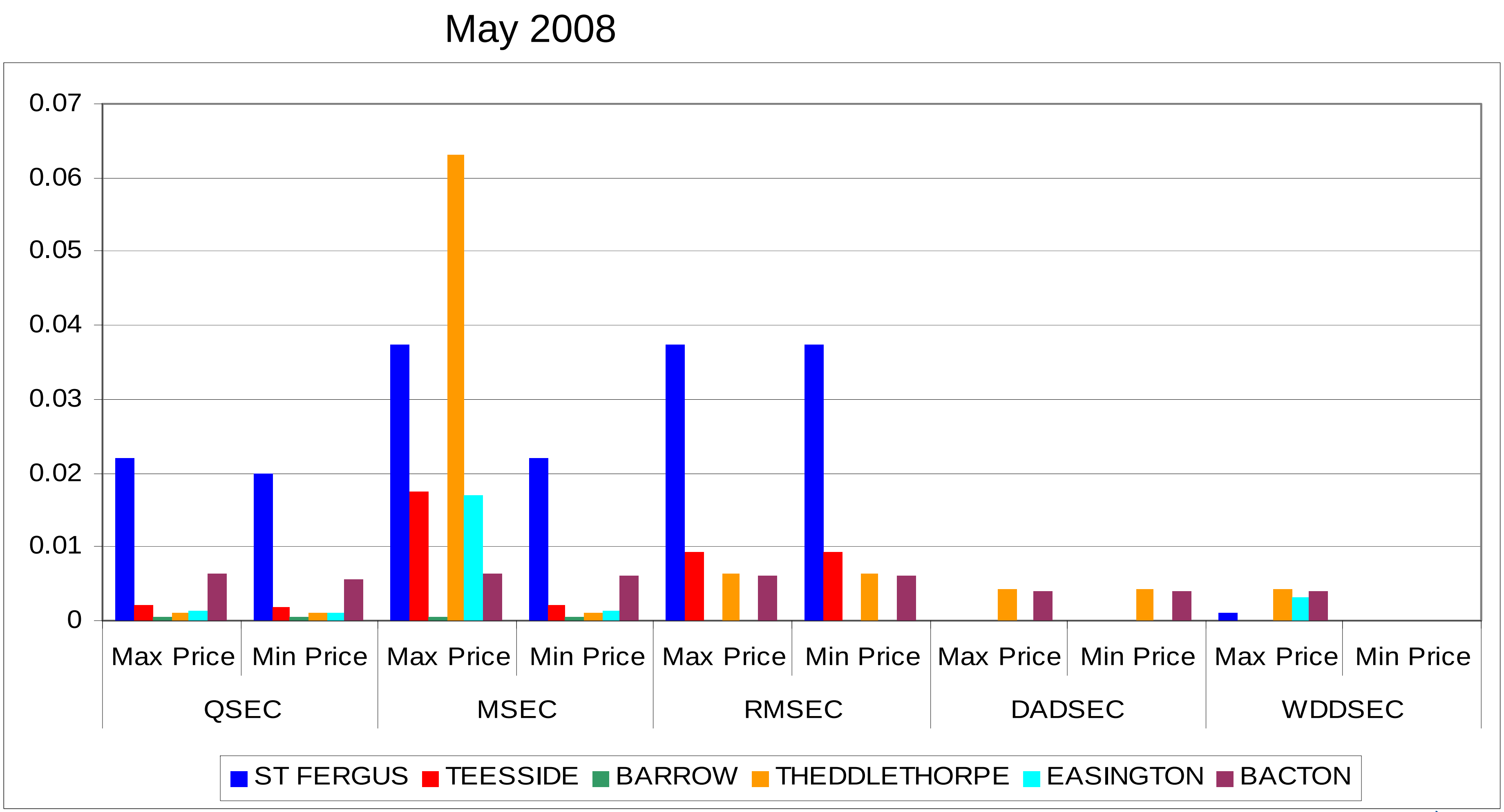
Capacity Auction Price Comparison
May-2008



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Capacity Summary Slide

- Moving into summer period, capacity sold declining as per normal.
- Evidence of Grangemouth outage with short term sale increases.
- Increasing reliance on short term products coming into summer at some ASEPs.
- Others, such as St Fergus or Teesside have seen little movement in capacity sold.

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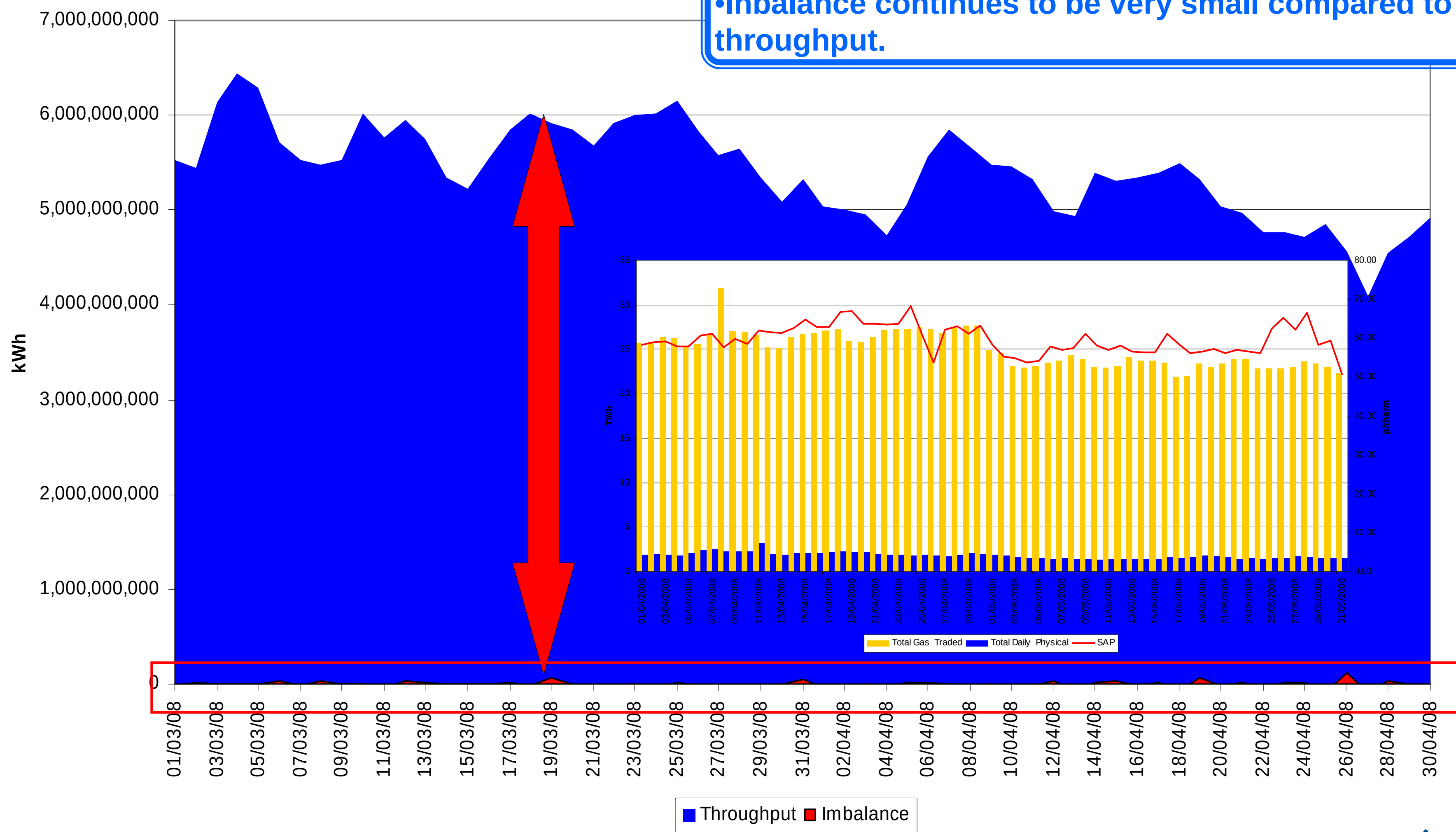
Throughput and Neutrality

The Throughput and Neutrality information is dependant on Entry closeout and therefore the data is only available for the period up until 30-April-2008.

System Level Imbalance vs System Throughput

From 01-March-2008 to 30-April-2008

•Inbalance continues to be very small compared to throughput.



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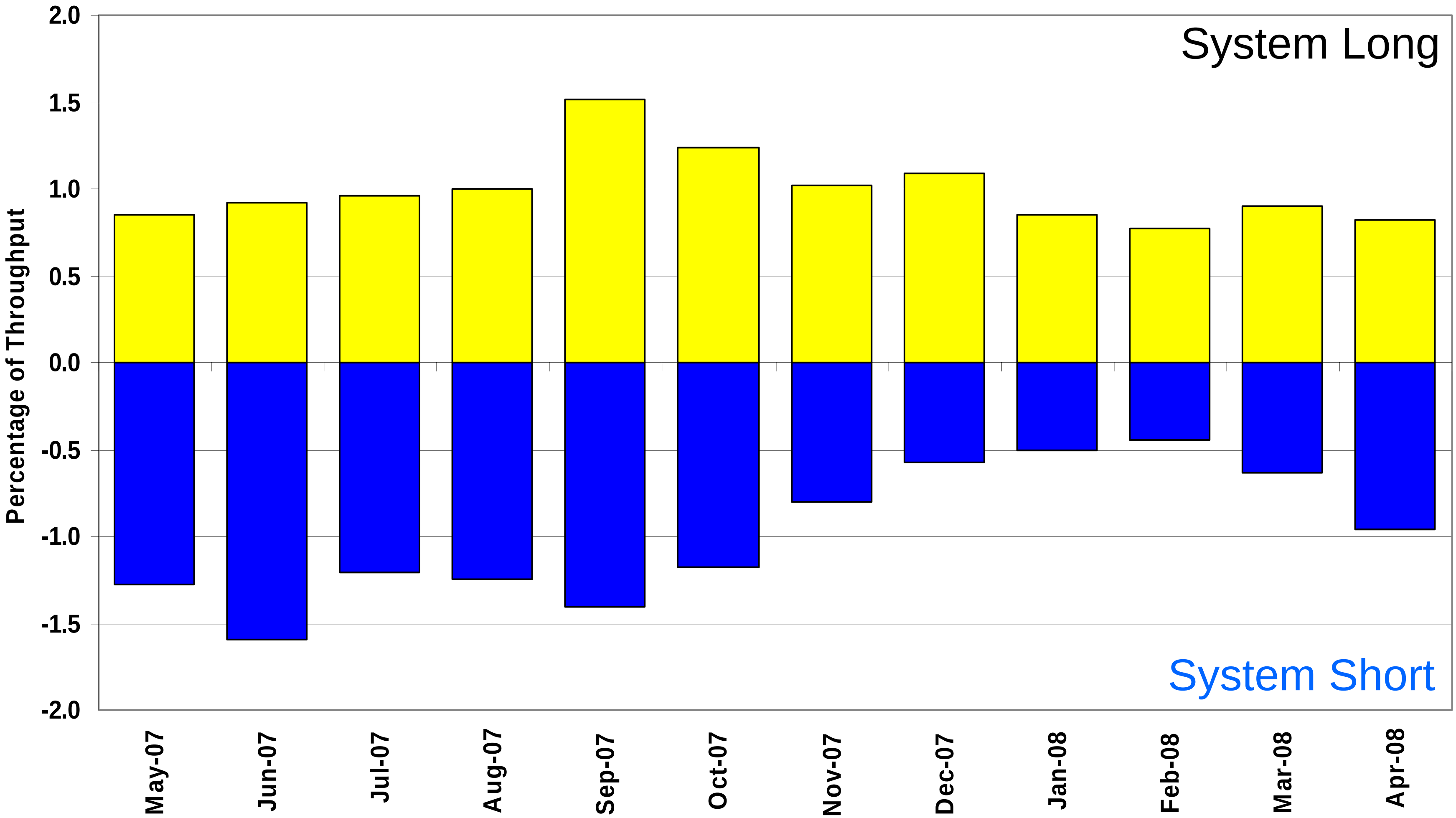
System Level Imbalance as a % of Throughput

From 01-May-2007 to 30-April-2008



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Transporter Actions on OCM Mechanism Revenues / Costs

From 01-October-2007 to 30-April-2008

	Quantity (TWh)	Average Price (p/KWh)	Average Price (p/therm)	Cost (£m)
System Buy	0.998	1.7539	51.39	£17.50
System Sell	-2.920	1.7221	50.45	-£50.28
Net Position	-1.922 Sell			-£32.78

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Imbalance Gas Revenues / Costs
From 01-October-2007 to 30-April-2008

System	Quantity (TWh)	Average Price (p/KWh)	Average Price (p/therm)	Cost £m
System Buy	7.38	1.6700	48.93	£123.26
System Sell	-5.49	1.7812	52.19	-£97.84
Net Position	1.89 Buy			£25.42

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Scheduling Revenues
From 01-October-2007 to 30-April-2008

	Cost £m
Input	-£3.62
Output	-£1.36
Total	-£4.98

Balancing Costs
From 01-October-2007 to 30-April-2008

	£m
OCM/Flex Gas	-32.78
Imbalance Gas	25.42
Scheduling	-4.98
Balancing Cost	**-12.34**

(-0.0016p/KWh or -0.0465p/Therm of Throughput)

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Neutrality : Gas Year Comparison

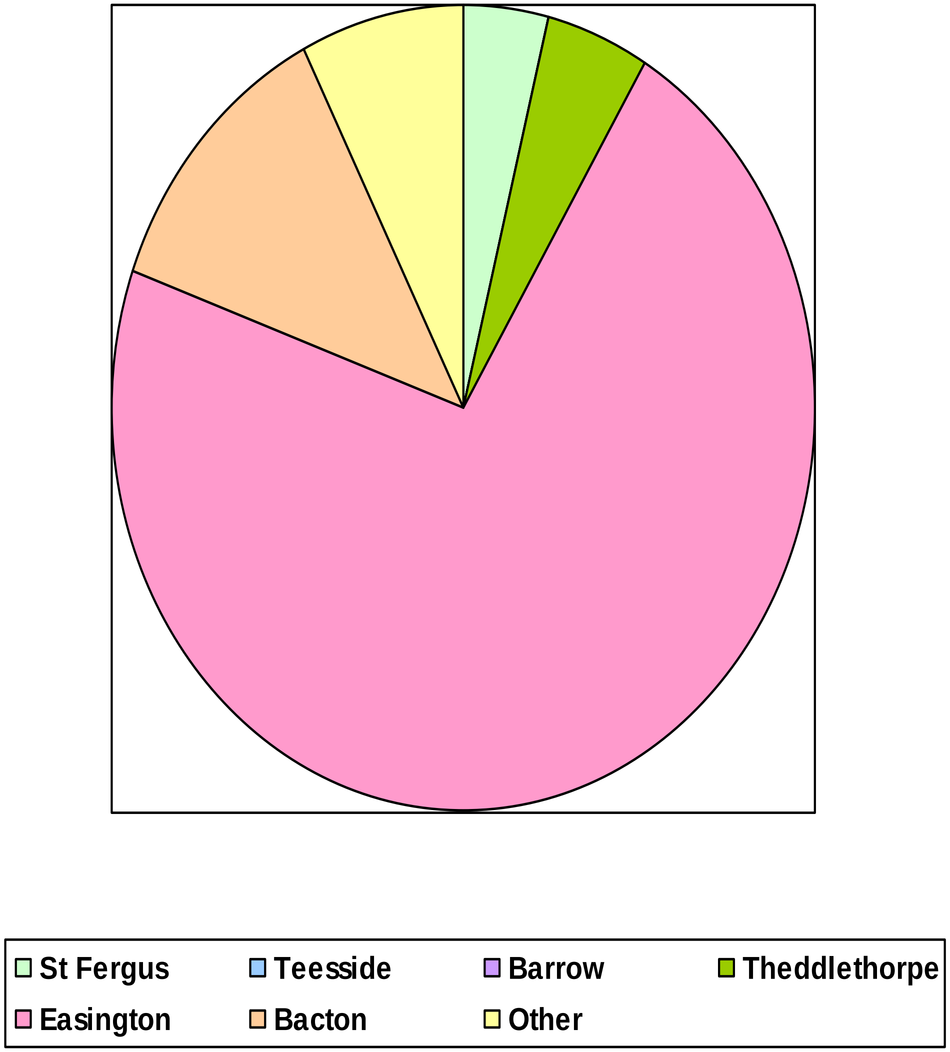
(For October 2007 - April 2008)

	Gas Year 2006/07	Gas Year 2007/08
Neutrality by Throughput (p/therm)	-0.0192	-0.0465

Capacity Neutrality – Revenues From DSEC & DAI

From 01-April-2008 to 30-April-2008

ASEP	Revenue
St Fergus	£3,616.04
Teesside	£188.93
Barrow	£0.00
Theddlethorpe	£4,505.31
Easington	£68,960.04
Bacton	£11,517.90
Other	£7,280.39
TOTAL	**£96,068.61**



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Capacity Neutrality – Prompt Buy Backs

From 01-April-2008 to 30-April-2008

ASEP	Cost	No.of days	Volume (kWh)
St Fergus	£0	0	0
Teesside	£0	0	0
Barrow	£0	0	0
Theddlethorpe	£0	0	0
Easington	£0	0	0
Bacton	£0	0	0
TOTAL	**£0**	**0**	**0**

Capacity Neutrality – Revenues From Overruns
From 01-April-2008 to 30-April-2008

Month	Revenue
April 2008	£74,782.95
Total	**£74,782.95**

Capacity Neutrality – Capacity Management Agreement

From 01-April-2008 to 30-April-2008

Month	Cost
April 2008	£0.00
Total	**£0.00**

Capacity Neutrality – Net Cost/Revenue

From 01-April-2008 to 30-April-2008

DSEC/DAI Revenue	-£96,068.61
Buy back costs	+£0.00
Capacity Management Agreement	+£0.00
Overrun Revenue	-£74,782.95
Net Revenue	**-£170,851.56**

Session Summary

- **Weather**
  - Typical April temperatures preceded the warmest May on Record
- **Demand**
  - April mainly followed SND Demands
  - Warm May pushed Demands down to “Warm” curve assumptions
- **Supply**
  - Storage continues to recharge
  - Small volumes from Isle of Grain
  - Plentiful supply to cover Grangemouth outage

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Summary (cont…)

- **Prices**
  - Drop in total energy traded on NBP April to May
  - No obvious summer price dip
- **Capacity**
  - Start of summer period
    - Less longer term capacity sold, preference moving to DA & WD capacity