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Gas Monthly Winter Update
January 2008

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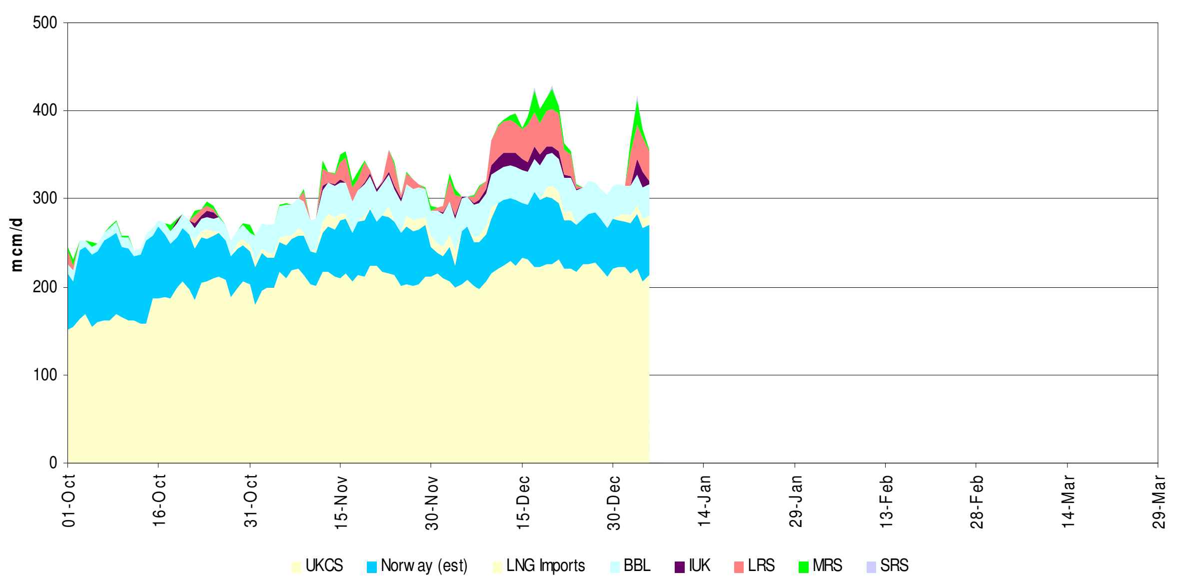
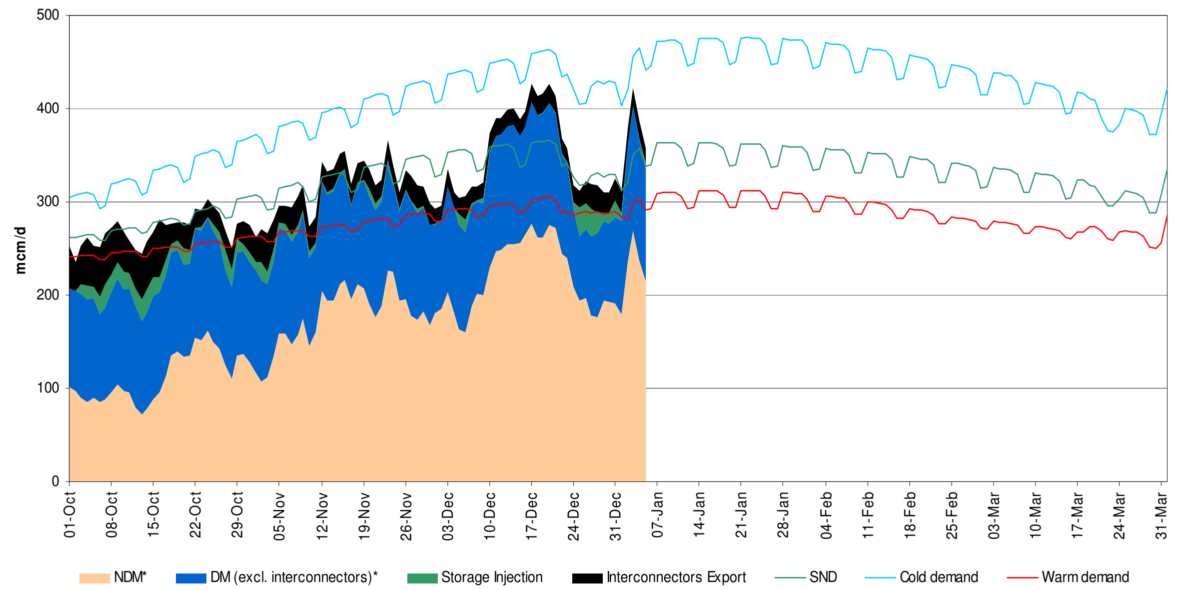
Gas Supply Build Up



Gas Demands



*Actual from Energy@CV39mj/m3

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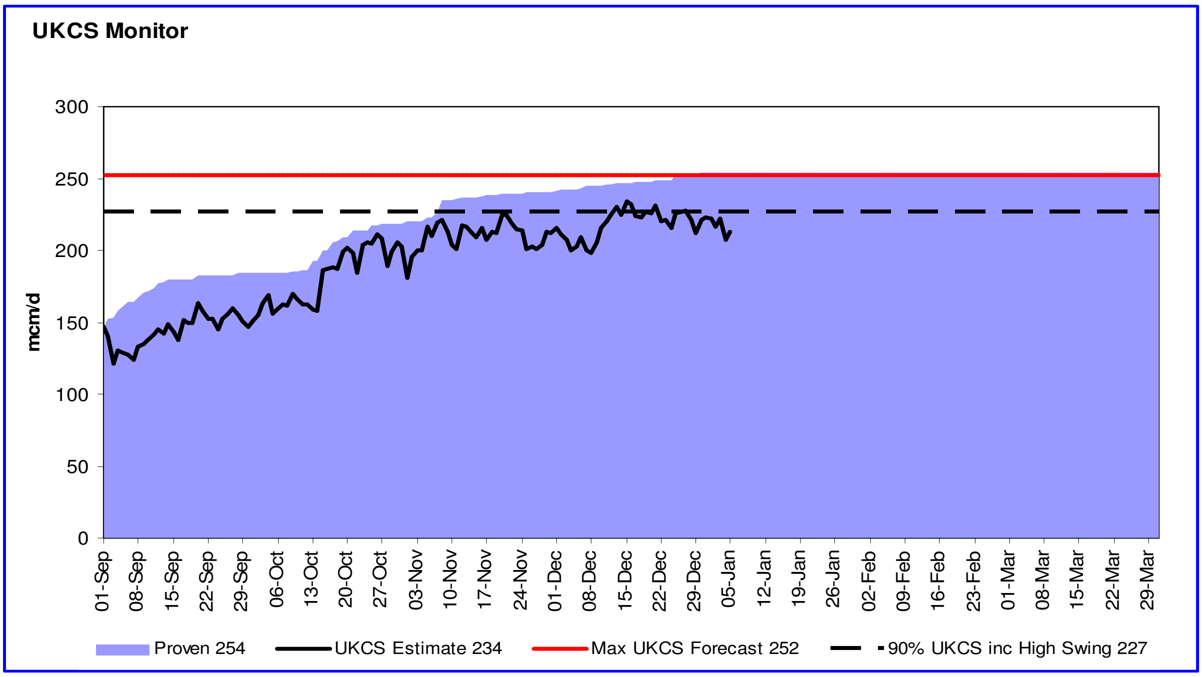

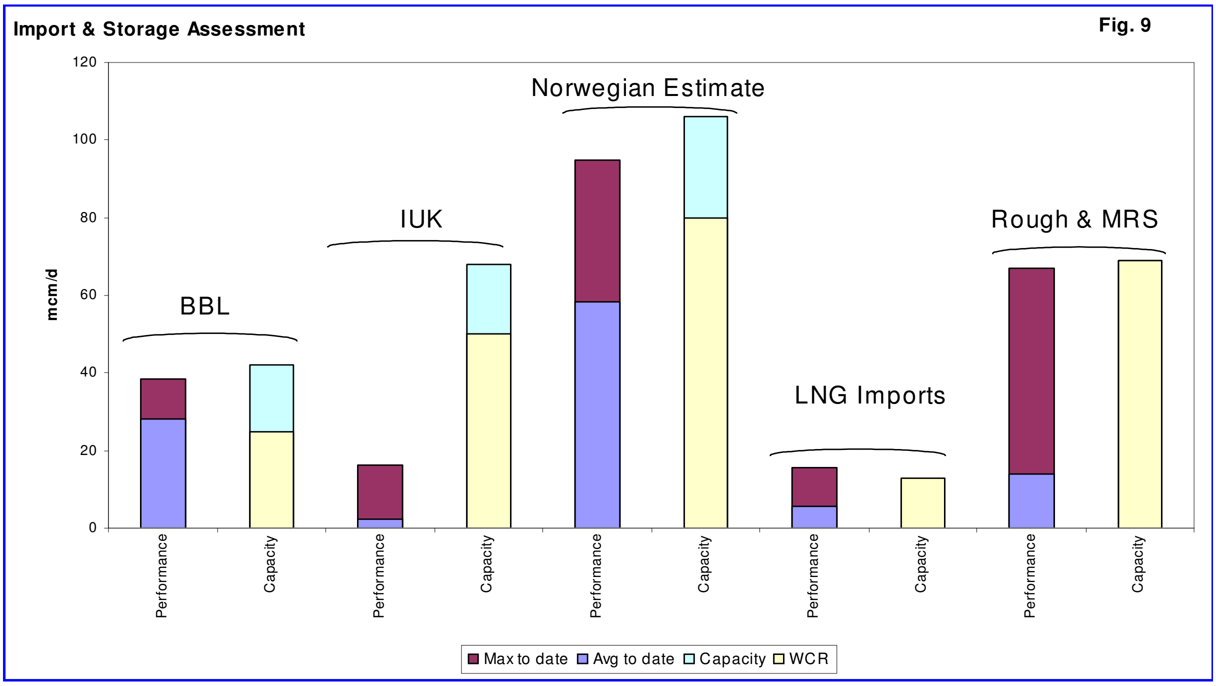

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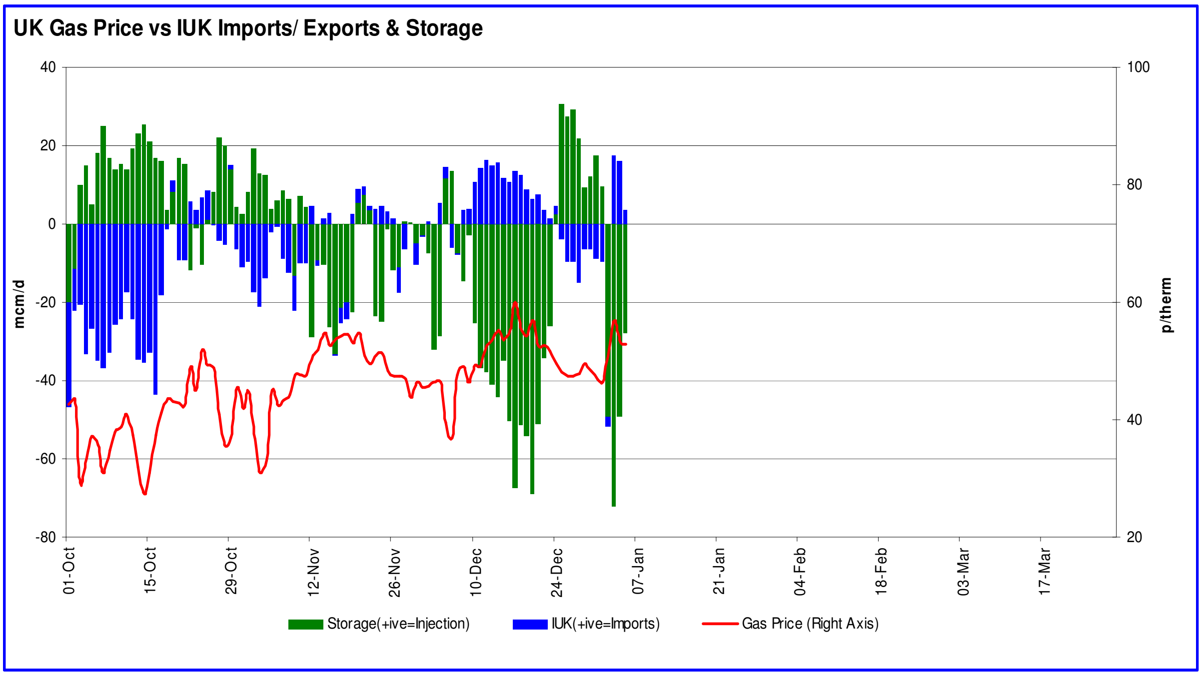

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Supply Assumptions

-	Winter Consultation (Sept 2007)	Latest View (5/1/08)	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	80	95	Though forecast has been exceeded, at recent higher demands flows were in line with forecast – no change to supply assumptions
IUK	50	50	16	Flows marginally below expectation, but not required by market due to healthy supplies – no change to supply assumptions
BBL	25	25	38	Above forecast, one of the factors for lower IUK- hence no change to supply assumptions
LNG	33	13	16	Latest view excludes Milford Haven
Total Non-Storage	415	395	399	-
Supply Risk	20	0	0	Supply risk now utilised
Safety Monitor	395	395	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				

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Glossary

Gas Supply Build-up

- All historic outturn data - from 1 October to present.
- Gas Supply Build-up shows:
    - UKCS
    - Norway (Vesterled (estimate), Langeled and Tampen Link)
    - Interconnector supply (IUK and BBL)
    - LNG imports (IOG and Milford Haven when operational)
    - storage withdrawal (LRS, MRS and SRS)

All in mcm/day.
Exports to Europe and injections into storage are not shown.

Gas Demand

- Exports to Europe and storage injection are included.
- Daily seasonal normal demands are the demands that are forecast to occur in seasonal normal weather based on the weather between October 1987 and September 2004.
- Cold and warm demand profiles are calculated from the demand models and cold and warm CWVs calculated from weather data from October 1928 to September 2006.
- The cold/warm curves are 1 in 20 <u>weekly</u> values.
- Actual demand shows:
    - storage injection (LRS, MRS, SRS)
    - Interconnector export (IUK)
    - LDZ Non Daily Metered (LDZ NDM) (smaller Distribution Network demands including domestic, commercial and smaller industrial)
    - Daily Metered (DM) (mainly large industrials and power station demand)

All in mcm/day.

UKCS Monitor

- Shows actual UKCS performance to-date this winter with a view of expected maximum UKCS performance.
- Proven: Aggregate of maximum daily UKCS terminal flows to date.
- UKCS Estimate: Daily UKCS gas flows (Estimated Norwegian flows have been deducted).
- Max UKCS Forecast: Our 100% UKCS forecast (maximum capability).
- 90% UKCS: Gas levels which may be available under high demand or price conditions.
- "High Swing": Additional gas which may be available, if prices or demands are sufficiently high.

Import Assessment

- Max to date: Maximum flows observed this winter
- Avg to date: Average flows observed this winter
- WCR: Winter Consultation Report view on anticipated supplies.
- Capacity: Maximum theoretical capacity

UK Gas Prices vs IUK & Storage

- Left axis:
    - stacked bar chart showing pipeline import/export flows to and from UK and storage injection/ withdrawal.
    - Imports shows actual flows to and from UK's only bi-directional interconnector, the Belgian Interconnector IUK:
        - +ve implies imports to UK, -ve implies exports from UK
    - Actual storage includes LRS, MRS and SRS:
        - +ve implies injection from NTS (NTS demand), -ve implies withdrawal into NTS (NTS supply)
- Right axis:
    - UK gas prices showing actual on the day gas price (System Average Price (SAP)) in p/therm.