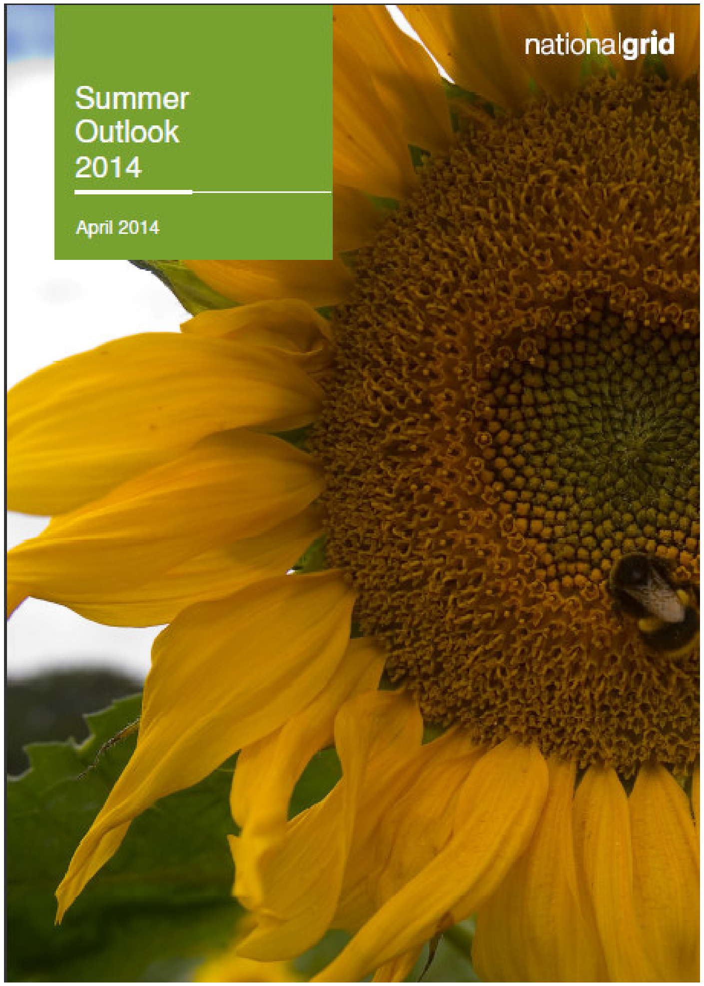
Summer Outlook

Agenda

- Energy prices and power generation economics
- Summer 2014 gas demand
- Storage
- Summer 2014 gas supplies
- Key stats / summary
- Your views on the Summer / Winter Outlooks



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Summer
Outlook
2014

April 2014

http://www2.nationalgrid.com/UK/Industry-information/Future-of-Energy/FES/Winter-Outlook/

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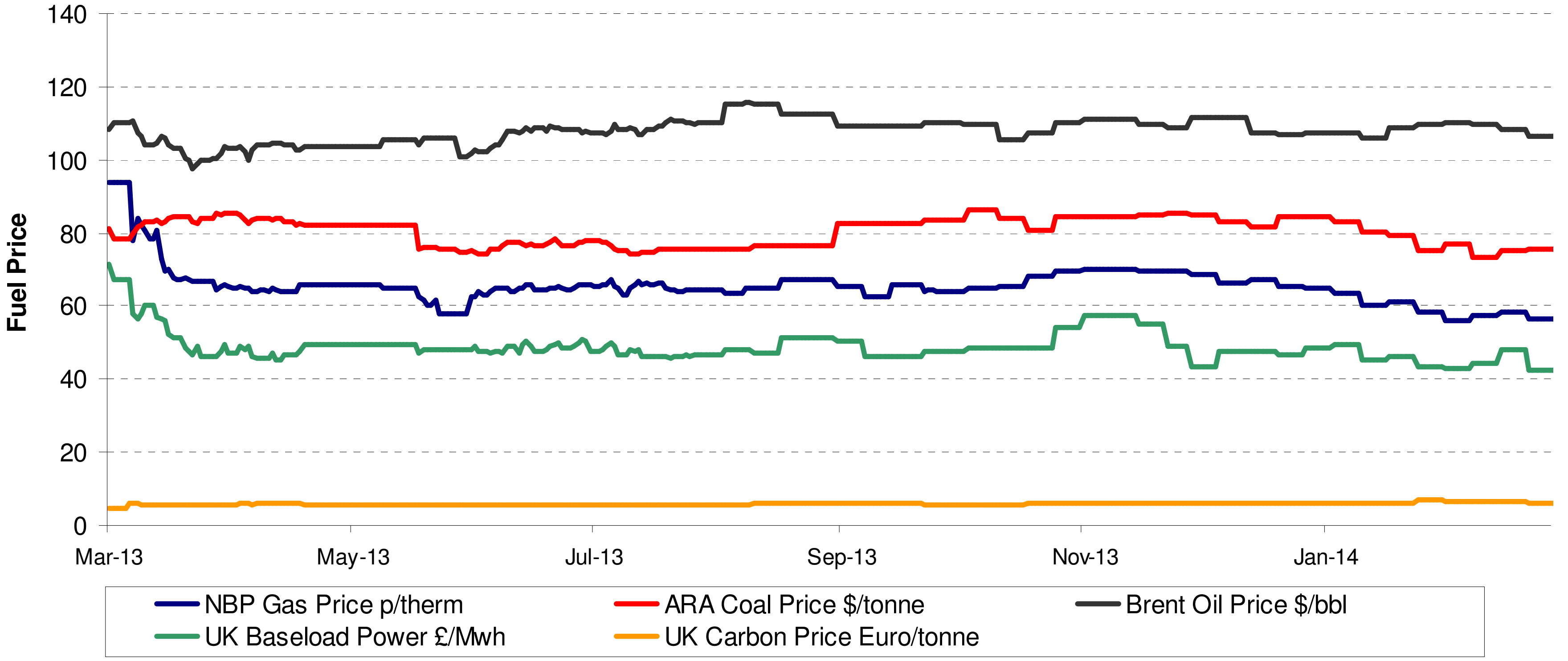
Energy prices



Relative power generation economics

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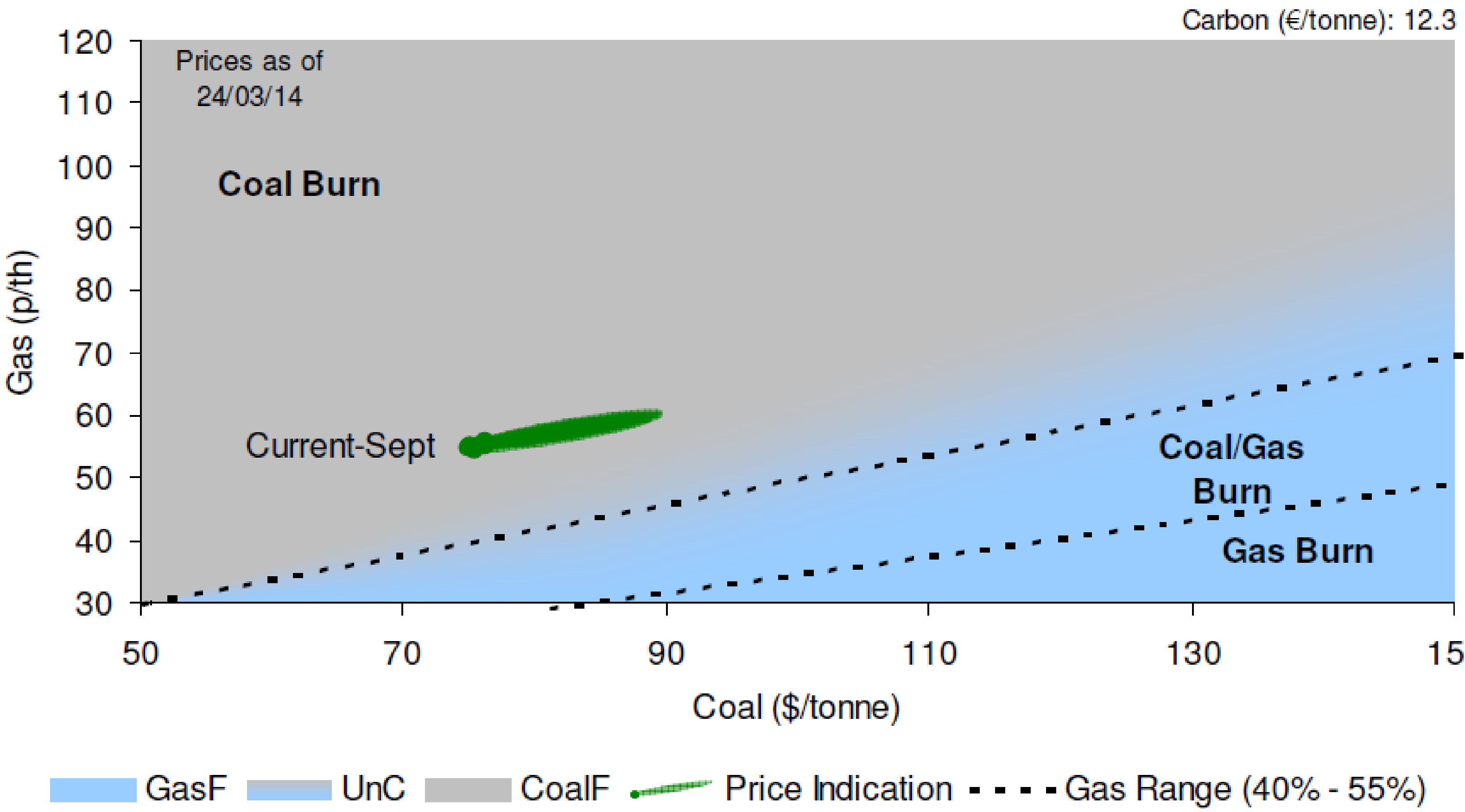
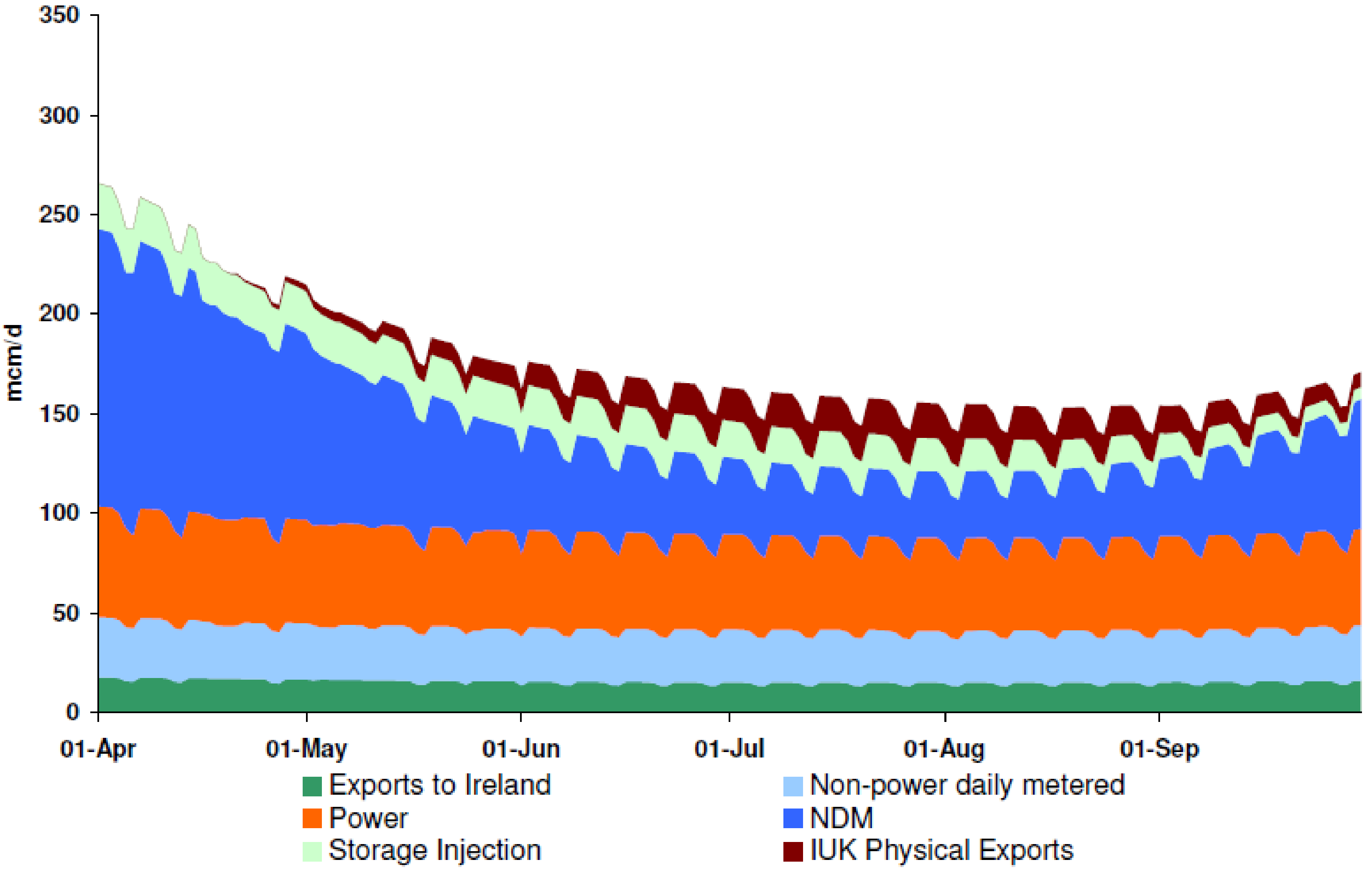


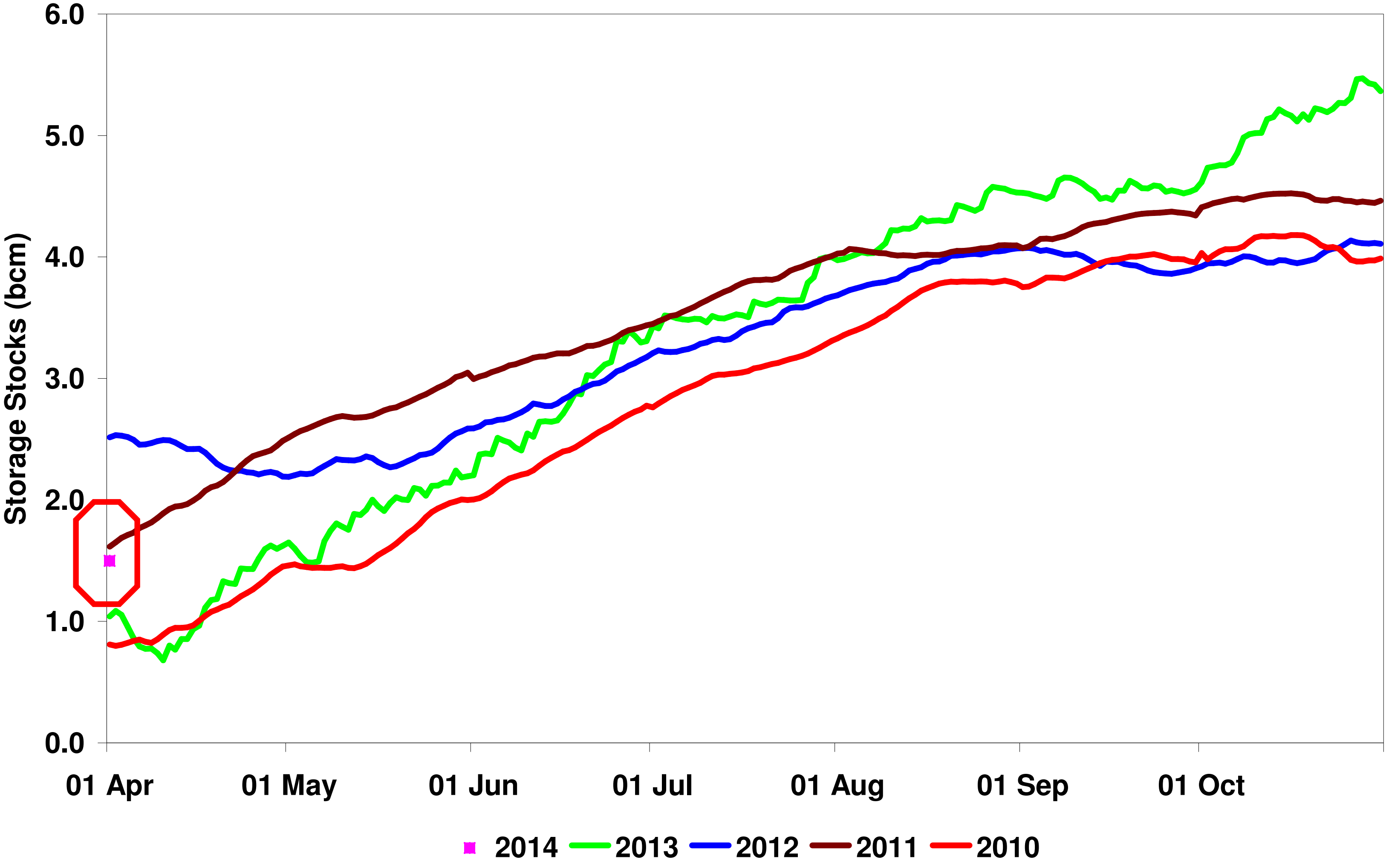
Forecast gas demand summer 2014



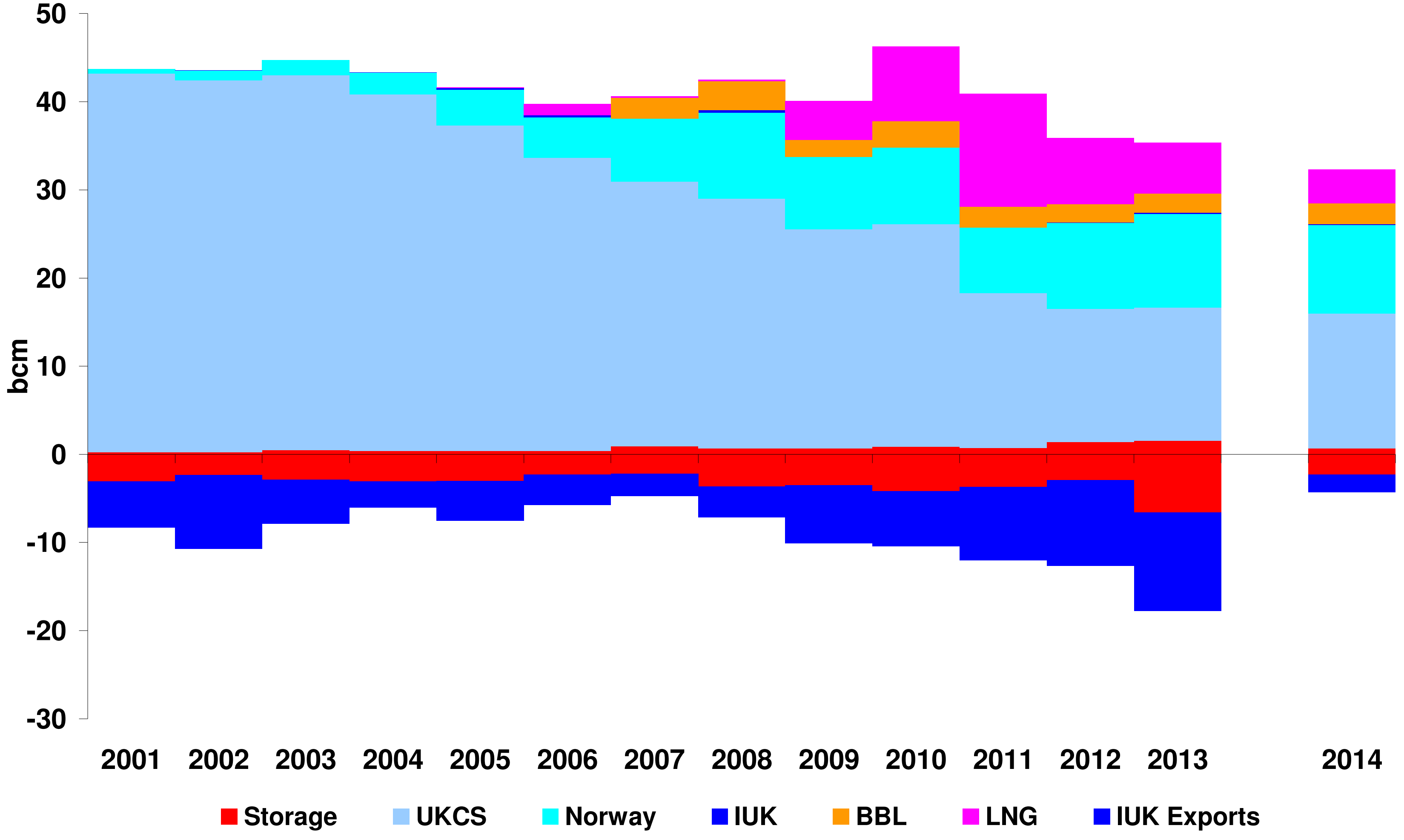
Forecast average daily gas demand for summer 2014

April to September	Daily average			Actual range		Forecast range	
mcm/d	2013 actual	2013 weather corrected	2014 forecast	2013 low	2013 high	2014 low	2014 high
NDM	67	60	57	28	222	25	225
DM + Industrial	24	23	26	20	30	20	35
Exports to Ireland	15	14	15	10	22	10	25
Total Power	42	42	47	21	67	20	100
Total Demand	150	142	148	86	326	85	350
IUK export	14	14	11	0	58	0	60
Storage Injection	29	29	17	0	83	0	85
GB Total	**191**	**156**	**176**	**93**	**348**	**85**	**350**

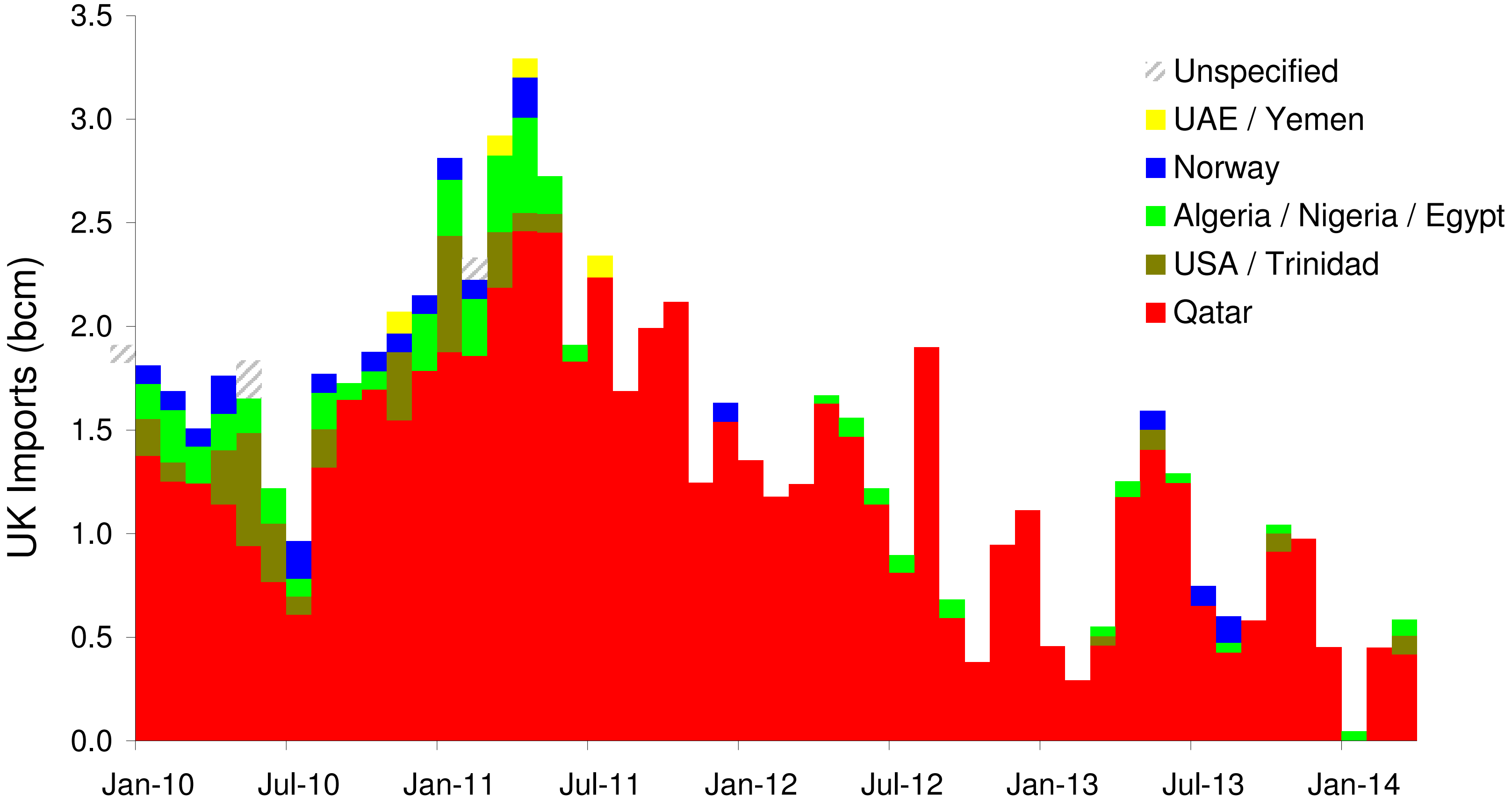
Summer storage stocks 2010 - 2013



Historic and forecast summer gas supplies by source



LNG Supplies to the UK 2010 - 2014



Key stats

Demand forecast (max) – cold April day	350 mcm/d
Demand forecast (min) – mid summer day, limited exports / storage injection	85 mcm/d
Average summer demand – similar to 2013 actual average demand	176 mcm/d
Summer supplies – forecasts assume similar UKCS and Norway with lower LNG	32 bcm

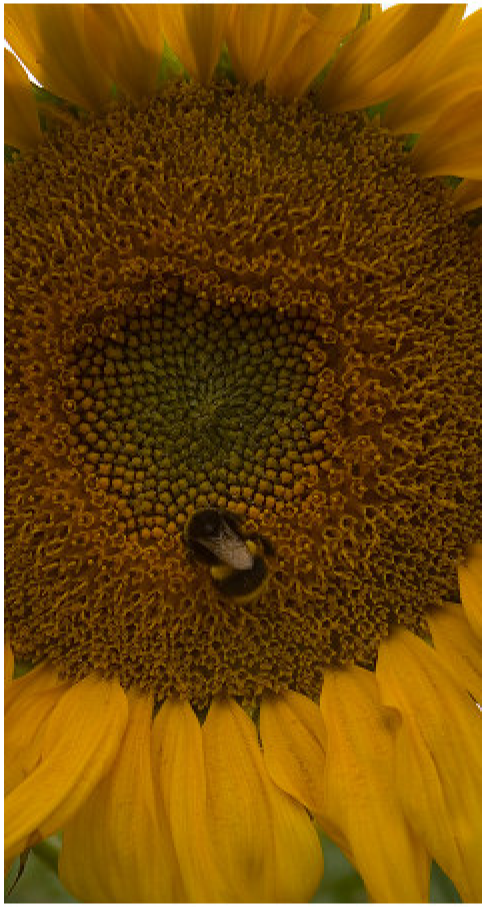
Summary

- Forward prices show a slight decrease for oil, there is some winter seasonality for gas and base load power, as well as a marginal increase for coal.
- For power generation, current fuel prices strongly favour coal burn over gas for the summer and beyond.
- In the UK, we have significant diversity of gas supplies and capacity well in excess of maximum demand.
- While the make up of gas supplies can vary significantly from one day to the next for summer 2014 we expect similar levels of imports from Norway and the UK Continental Shelf (UKCS) as seen in recent summers.
- We expect fewer liquefied natural gas (LNG) cargoes to the UK than in 2013 as Asia continues to dominate the global LNG market.
- Flows from the continent to the UK via interconnectors are expected to be similar to those seen in recent summers.

We want to hear from you…

- We've been producing the Summer Outlook Report since 2008 and the Winter Outlook Report for over a decade
- Now is the time for a review of the Outlooks
  - How do you use the Summer and Winter Outlooks?
  - Are they of value to you?
  - What is important to you within the Outlooks?
  - How could they be improved?
  - How can we improve our engagement with you?
  - How should we engage with you?

Thank You



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