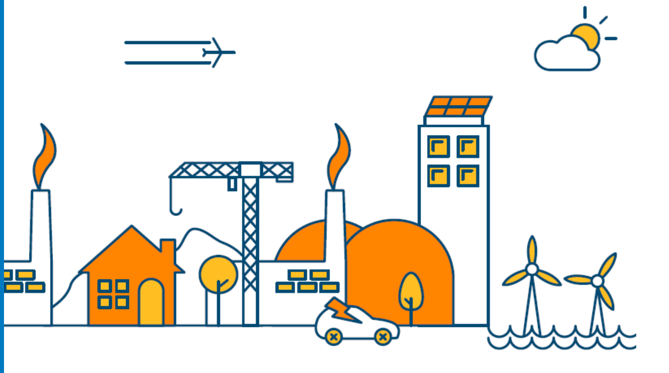
Summer Outlook Report 2016



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Summer Outlook Report 2016

Published 7 April on our website

Our view of the electricity and gas systems for the summer ahead

Analysis for full British Summer Time - April to October 2016

Key gas messages

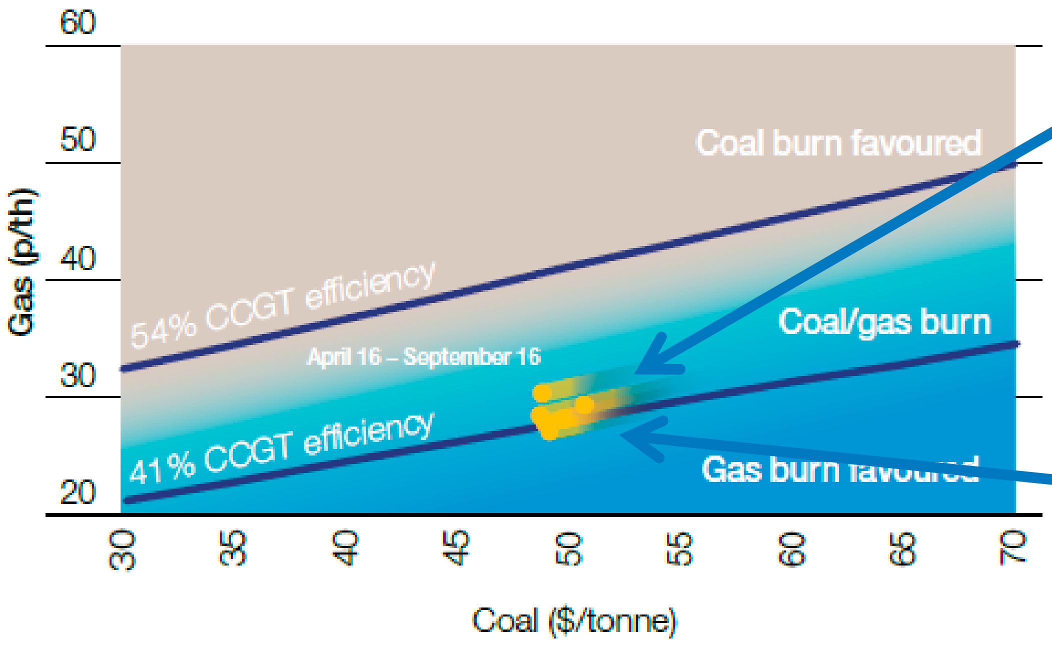
Gas is likely to be favoured over coal for electricity generation

Gas demand is expected to be higher than last year, driven by increased requirement for electricity generation

Adequate supplies of gas, with the majority from the UK Continental Shelf and Norway

We are working with industry to manage operational unpredictability

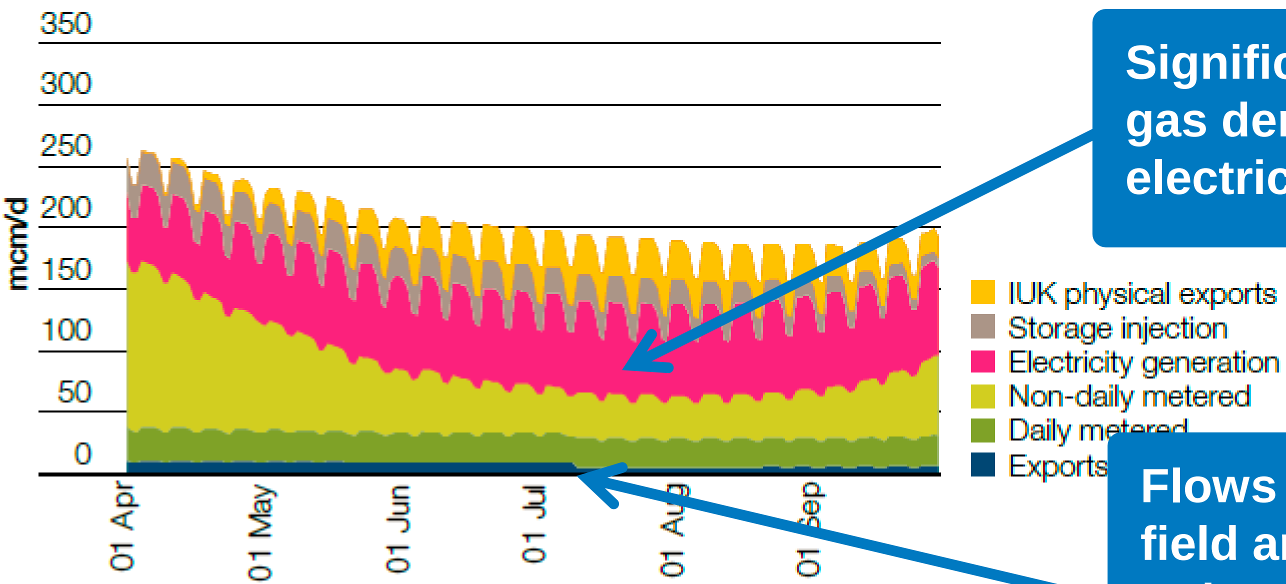
Gas is likely to be favoured for electricity generation



Forward prices are within the zone where gas is the favoured fuel

Price differential is narrow for lower-efficiency CCGTs. A small change in prices could cause coal to be favoured

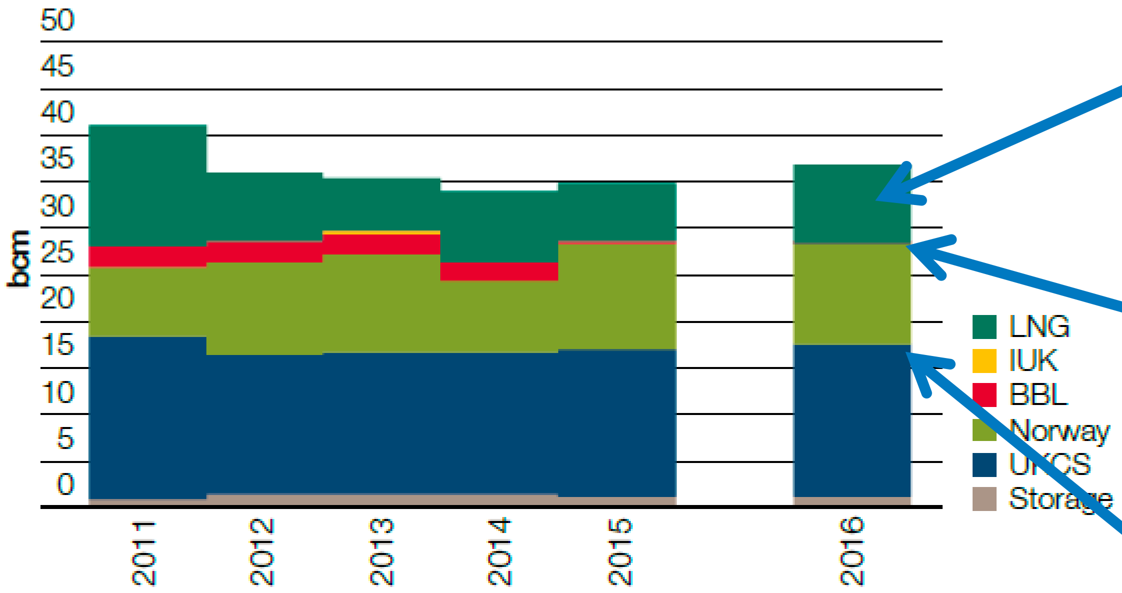
Higher gas demand expected this summer



Significantly higher gas demand for electricity generation

Flows at Corrib gas field are likely to reduce requirement for GB exports to Ireland

Adequate supplies of gas this summer



Anticipate increased deliveries of LNG

Imports from BBL similar to 2015

Majority of gas from UKCS and Norway

Network flexibility is needed to respond to increasing variability

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Expect to see continued variability in supply and demand patterns this summer

Increased variability and shorter notice periods require greater flexibility in how we manage and operate the system

Timely provision of information allows us to optimise how the network is configured

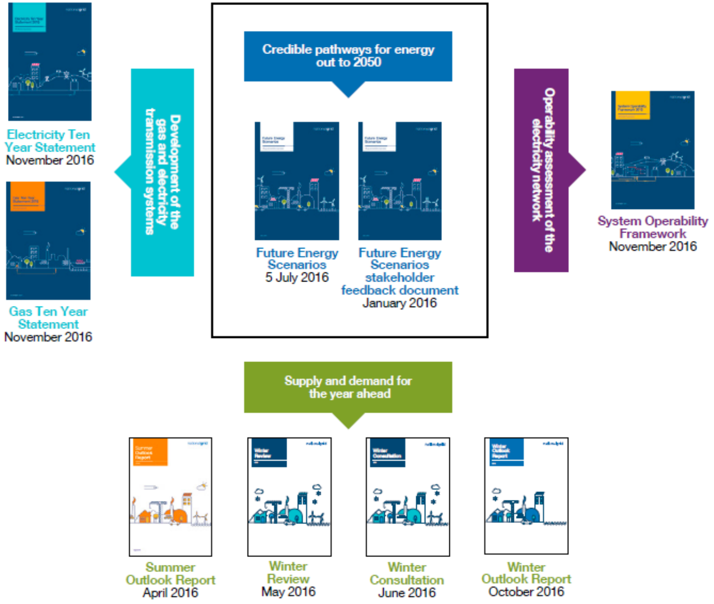
Key electricity messages

Continuing fall in transmission system demand. Peak demand at a record low. Minimum demand still falling

Sufficient generation and interconnector imports to meet demand for summer

Anticipate there will be more inflexible generation than is needed to meet demand during some weeks of summer

We want to help you keep up to date



- **Winter Review** (May)
  - A review of our analysis for winter 2015/16
- **Winter Consultation** (June, closing 31st July)
  - Your opportunity to share your views on winter 2016/17
- **Future Energy Scenarios** (5th July)
  - Credible pathways for energy out to 2050
- **Winter Outlook Report** (October)
  - Our analysis for winter 2016/17

Any questions? Please contact us at marketoutlook@nationalgrid.com