Compressor Strategy

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Agenda

1. Why do we have compressors?
2. The external environment and its impacts
3. Why is having a compressor strategy important?
4. What are we doing differently this time?
5. Cost Benefit Assessment Methodology
6. We need your help

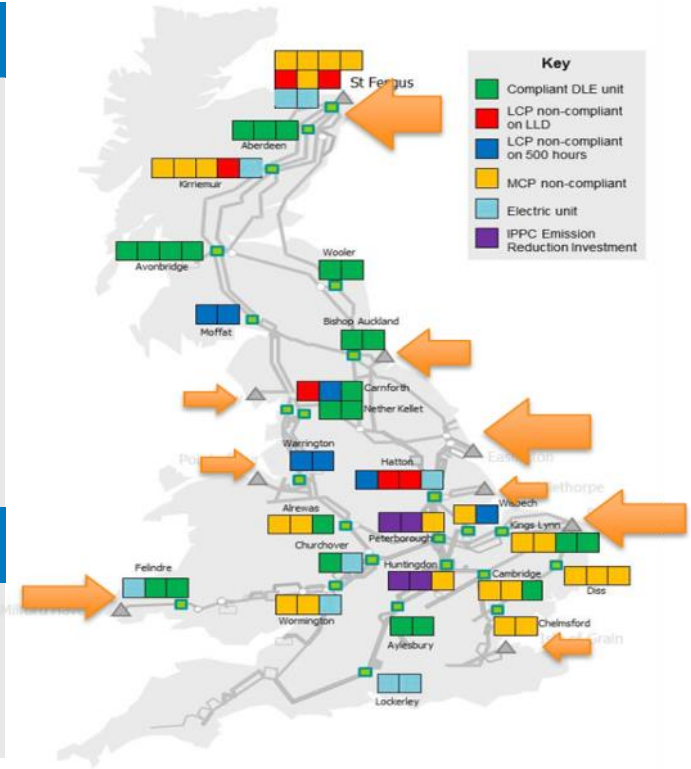
Why do we have compressors?

Supply

- Gas can enter the network at any of a number of supply points
- Compressors used to moved gas away from the entry points
- If compressors are not used pressures would increase
- If too high, gas would have to be stopped from entering the network

Within day changes

- Supply levels vary during the day
- Compression required to react to within day changes



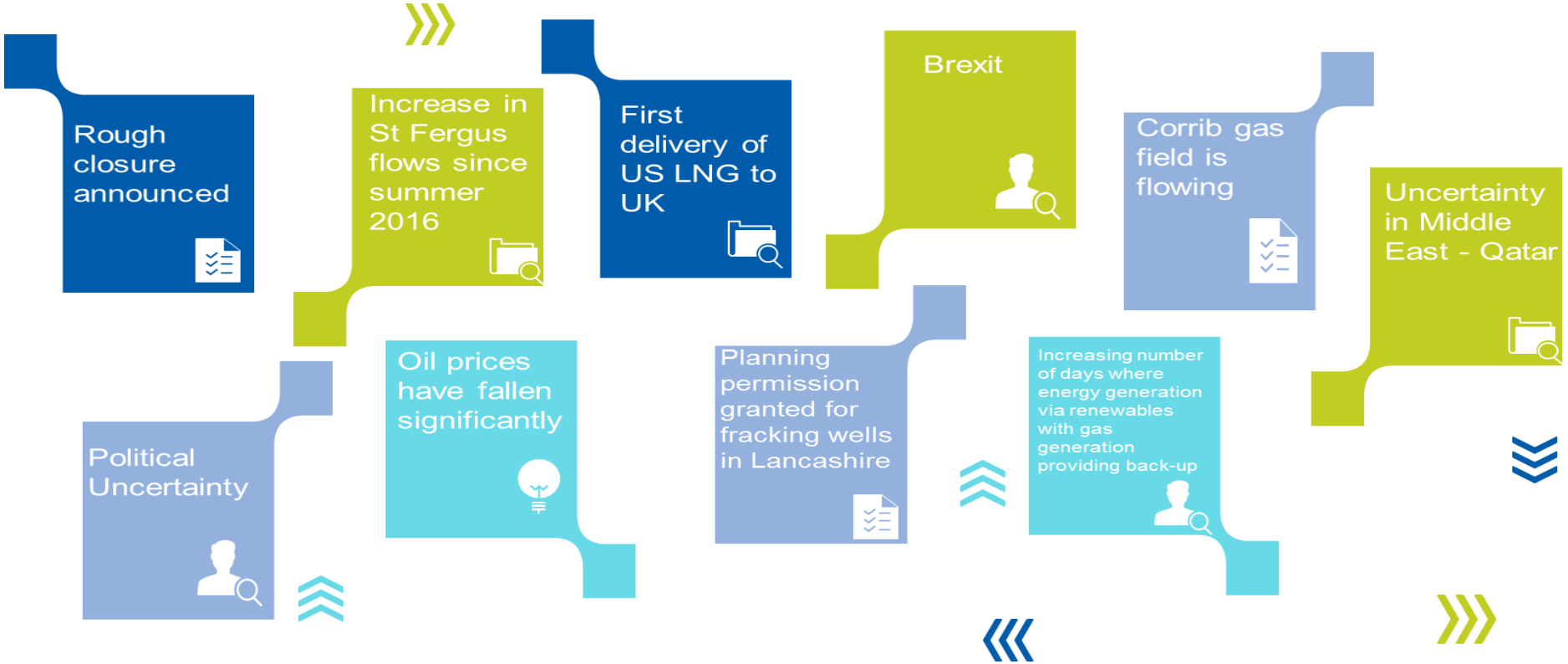
Demand

- Demand is not always close to the point of entry
- Compressors are used to move gas to where it is required
- Some demands require higher pressures supported by compression

Within day changes

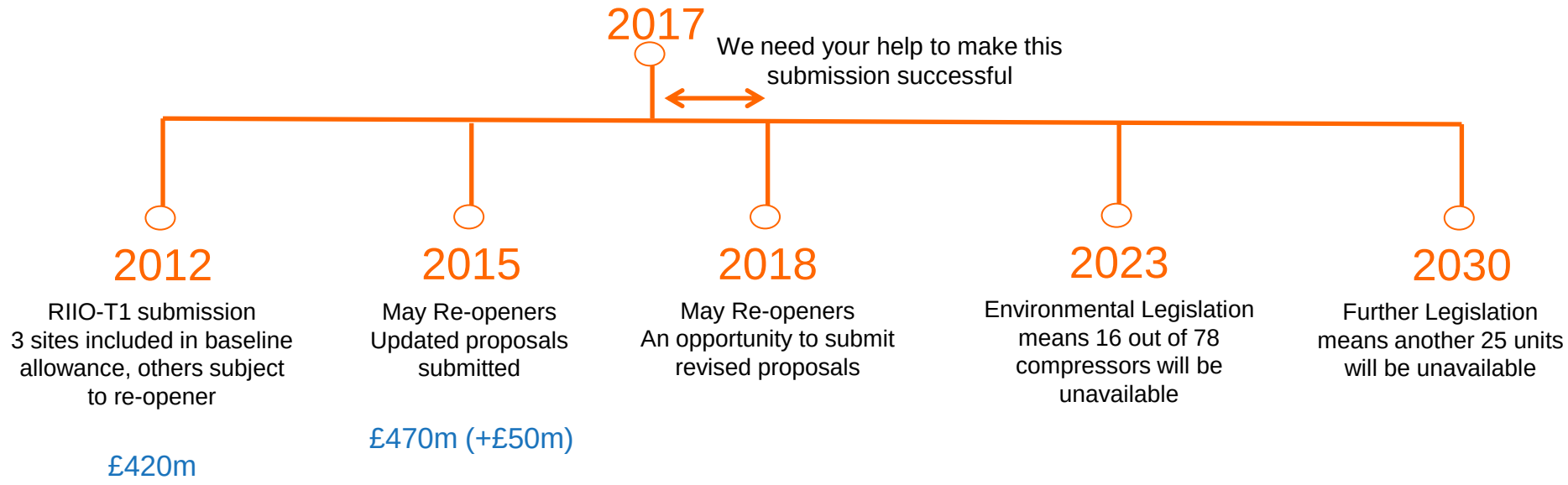
- Demand is not consistent during the day
- Compression is required to support within day changes in demand

The external environment remains uncertain



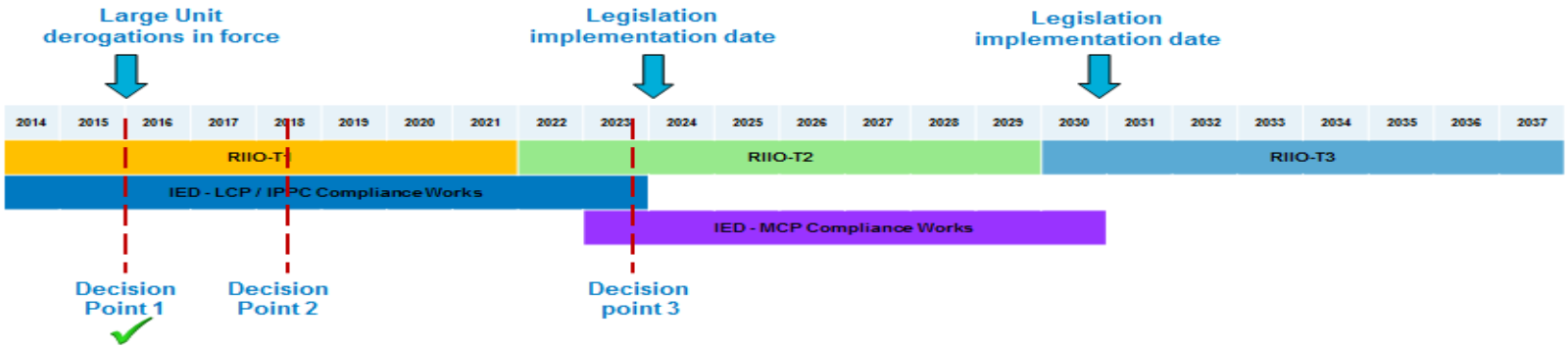
Why is our compressor strategy important?

Our compressor fleet delivers essential services to all our customers: Without the ability to control the movement of gas around the network, there could be constraints or network failures, leading to disruption and costs to users



When do we need to make the decision?

- At the end of 2015, we made decisions on legal derogations for units to move onto limited running hours and limited lifetime.
- To complete all works required for 2023 the final decision needs to be made in 2018.
- The choices we make now need to consider the potential implications on the future decision that need to be made for the 2030 legislation.



What are we doing differently this time?

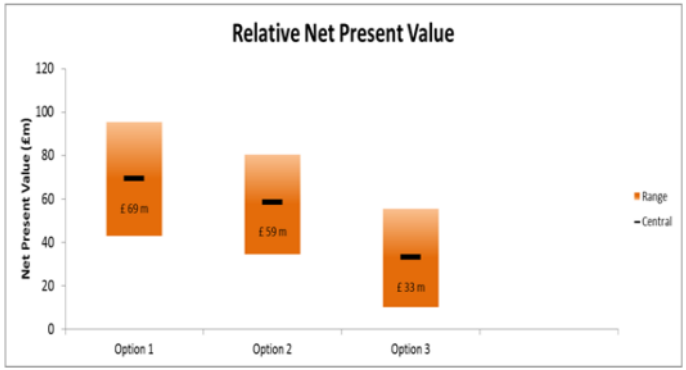
We want to	How	
Give stakeholders more detail about costs and assumptions	More interactive engagement with stakeholders	Include new solutions e.g. catalytic abatement
Apply Cost Benefit Analysis across a full range of options		Cost Benefit Analysis at a network level
Involve stakeholders in the decision making process		Apply new Gas Planning and Operating Standards

Cost Benefit Analysis methodology

Monetised Elements

Investment
Asset Health
Decommissioning
Contracts
Constraints
Fuel Usage
Emissions

Quantitative Assessment



Qualitative Elements

Operational Flexibility
Other elements?

Qualitative Assessment

Recommended option

Next Steps

- Take feedback from our stakeholder discussions
- Further targeted engagement to develop our approach