



Key Messages

- Over 90% of Irish gas demand is met by supplies from Great Britain (GB) and therefore the Irish Security of Supply (SOS) outlook is heavily dependent upon the GB Security of Supply outlook.
- The National Grid (UK) report “Winter Security Assessment” indicates sufficient supply to meet all demand in an average winter, and sufficient supply to meet all firm demand in a severe 1-in-20 winter.
- The Irish transmission system has sufficient capacity to convey gas imported from GB and indigenous sources at Inch in 2010/11.
- The outlook for Ireland is that both gas supplies and network capacity will be sufficient over the winter period.
- Both gas supplies and the ROI transmission system proved sufficient in meeting the record demands during the exceptionally cold weather in January 2010.

Overview

In this winter outlook report, Gaslink examined Ireland’s security of supply for 2010/11. Ireland’s security of supply position is dependent on both the supply of gas and the ability to transport the gas to the end consumer.

In 2009/10, 95% of the annual gas demand and 86% of the peak day demand was sourced in Great Britain and transported to Ireland via the two sub sea inter-connectors between Scotland and Ireland. The remaining demand was met by indigenous production and storage at Inch.

Ireland’s high dependence on GB gas is likely to remain until the Corrib gas field is operational (expected in 2013). It is likely that 73% of our annual gas demand and 41% of our peak-day demand will be met by Corrib gas in the first full year of operation.

The other potential supply projects currently under consideration, Ballycotton Storage, Shannon LNG terminal and Larne salt cavity storage, would further improve Ireland’s security of gas supply.

The existing Irish transmission network has sufficient capacity to meet forecasted peak demand during the current winter period. Network capacity in the southern part of the transmission system was recently enhanced, as a result of the Curraleigh West to Middleton transmission pipeline reinforcement.



Record Peak Demand in January 2010

The all time record peak demand for both the BGE Transmission system and the onshore Republic of Ireland (ROI) system occurred on the 7th of January 2010, as a result of the exceptionally cold weather conditions.

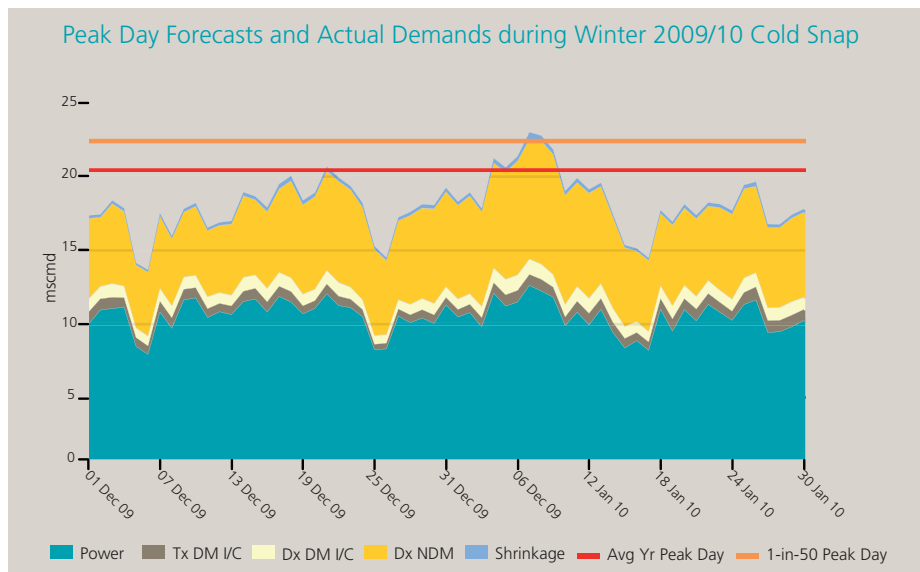
The BGE system peak of 30.2 mscmd that occurred on the 7th of January is the sum of the ROI, Northern Ireland (NI) and Isle of Man (IOM) demands, which were 23.0 mscmd, 6.8 mscmd and 0.4 mscmd respectively.

The ROI system peak demand of 23.0 mscmd coincided with a 20.7 Degree Day (DD) at Dublin Airport, slightly short of the 1-in-50 DD of 21 DD. The system peak slightly exceeded the forecast for 1-in-50 peak day demand, of 22.4 mscmd, and gives confidence in the forecasting methodology.

The ROI electricity system also recorded its highest ever system demand peak of 4,950 MW on the 7th of January. This high demand coincided with low levels of wind generation (83 MW at the time of the system peak), and resulted in record power generation gas demand of 12.3 mscmd.

National Grid (UK) reported the highest gas demand on record for GB during this period.

Both gas supplies and the BGE transmission system were sufficient in meeting the peak demand requirement on the 7th of January 2010.



Great Britain Outlook

Final View of Demand and Supply

National Grid forecast slightly higher demands this winter compared to winter 2009/10 (on a weather corrected basis). This is primarily due to a small increase in the Non Daily Metered (NDM) demand forecast.

National Grid forecast adequate supplies for the coming winter, despite a 9% decline in UK Continental Shelf production on last year. This production decline is offset by increased supply across a number of sources:

- Increase LNG capacity, with the completion of South Hook Phase II at Milford Haven and the expected availability of Isle of Grain Phase III.
- Increased technical capacity of the BBL pipeline between the Netherlands and GB, as a result of the installation of a fourth compressor at Balgzand (Netherlands).
- Norwegian imports are anticipated to be at a similar level to last winter, though maybe higher, partly due to the recent commencement of flows from the Gjoa field to the UK via the FLAGS pipeline.

Conclusion

The outlook for the winter period is that both GB and indigenous supplies will be sufficient to meet Irish demand in 2010/11.

The Irish transmission system network is adequate to transport this gas to the end consumer.

