



Key Messages

- Over 90% of Irish gas demand is met by supplies from Great Britain (GB) and therefore the Irish Security of Supply outlook is dependent on the GB Security of Supply outlook.
- The National Grid (UK) report 'Final View' indicates sufficient supply to meet all demand in an average winter and sufficient supply to meet the demand in a severe 1-in-20 peak day.
- The Irish transmission network has sufficient capacity to convey gas imported from GB and indigenous sources at Inch in 2008/09.
- The outlook for Ireland is that both gas supplies and network capacity will be sufficient over the winter period.

Overview

In this Winter Outlook Report, Gaslink examines Ireland's Security of Supply for 2008/09. 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 2007/08, 93% of the annual gas demand and 82.1% of the peak day demand was sourced in Great Britain and transported to Ireland via the two sub-sea interconnectors between Scotland and Ireland. The remaining demand was met by indigenous production at Inch.

Ireland's high dependence on GB gas is likely to remain until the Corrib gas field is operational (expected in 2009/10). Shannon LNG plan to be operational in 2012/13. It is likely that 60% of Ireland's annual gas demand and 39% of peak-day demand will be met by Corrib gas.



Great Britain Outlook

Final View of Demand and Supply

National Grid forecast lower demand this winter compared to winter 2007/08 (on a weather corrected basis). This fall in demand is primarily due to lower consumption for both power generation and domestic sectors as a consequence of higher gas prices.

National Grid forecast adequate gas supply for the coming winter despite a 10% decline in UK Continental Shelf production. This production decline is offset by increased supply across a number of sources:

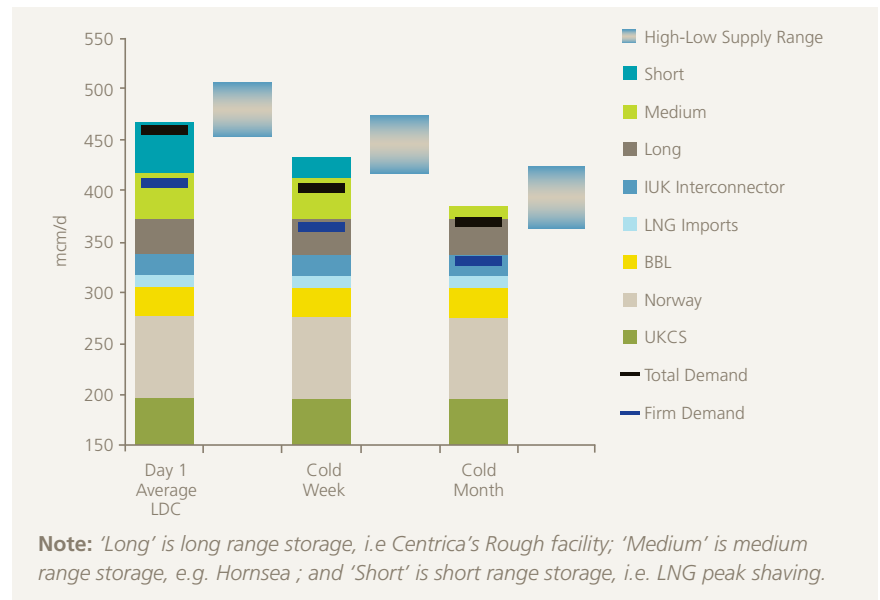
- Increased gas production in Norway and subsequently increased gas flows to the UK;
- The Aldbrough storage facility is due to become operational this winter;
- Storage space at Hole House Farm is also expected to increase; and
- National Grid has only assumed a low level of LNG imports due to the uncertainty regarding LNG facilities operating this winter at Isle of Grain (Phase II) and Milford Haven. However there will be considerable upside if any of the new facilities become fully operational.

Analysis of 'Final View' Report

In the 'Final View' report, National Grid compare both total demand and firm demand against supply, under average and severe winter conditions, and concluded that under average conditions gas supply was sufficient to meet total demand. Under severe conditions, there would be sufficient supplies available to meet firm demand but a demand response roughly equivalent to nearly all interruptible demand would be required.

Average winter conditions are based on National Grid's 17 year data set of weather. Most recent winters have been warmer than this.

Figure 1. Cold Spell Analysis for 2008/9 for Average Conditions



Note: 'Long' is long range storage, i.e. Centrica's Rough facility; 'Medium' is medium range storage, e.g. Hornsea; and 'Short' is short range storage, i.e. LNG peak shaving.

The cold spell analysis looked at the following:

- Coldest Day (Average Winter) – Average temperature of -2°C
- Coldest Week (Average Winter) – Average temperature of 1°C
- Coldest Month (Average Winter) – Average temperature of 3°C

National Grid produced a high-low supply range as part of their 'Final View' report. Gas supplies were adequate to meet demand under all cases apart from a cold month in a severe winter.

Conclusion

The outlook for the winter period is that both GB and indigenous gas supplies will be sufficient to meet Irish demand in 2008/09 and that the Irish transmission network is adequate to transport this gas to the end consumer.