

Winter Outlook 2009/10

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 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 availability to meet all demand in a severe 1-in-20 winter.
- The Irish transmission network has sufficient capacity to convey gas imported from GB and indigenous sources at Inch in 2009/10.
- 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 examined Ireland's security of supply for 2009/10. 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 2008/09, 94% of the annual gas demand and 84.6% 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 at Inch.

Ireland's high dependence on GB gas is likely to remain until the Corrib gas field is operational (expected in 2011). It is likely that 70% 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, 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 winter period. Network capacity in the southern part of the transmission system was recently enhanced as a result of a number of reinforcement projects completed during 2009.

Great Britain Outlook

Final View of Demand and Supply

National Grid forecast lower demands this winter compared to winter 2008/09 (on a weather corrected basis). This is primarily due to lower consumption for the Non Daily Metered (NDM) sector, as a result of the recession and efficiency measures, and lower consumption from the power generation sector, as a result of lower electricity demand and the expected higher availability of non gas fired power generation for the current winter.

National Grid forecast adequate supplies for the coming winter, despite a 6% decline in UK Continental Shelf production. This production decline is offset by increased supply across a number of sources:

- The current high availability of LNG due to reductions in global gas demand coupled with increased LNG production capacity, as Phase 1 of both terminals at Milford Haven are now operational.
- National Grid indicate there is the potential for LNG flows to exceed 100 mscm/d, however, they forecast average LNG flows at 40mscm/d.
- Norwegian imports are anticipated to be at a similar level to last winter, despite lower forecast gas demands.
- National Grid has indicated the Aldbrough storage facility will be operational this winter.

Analysis of Final View

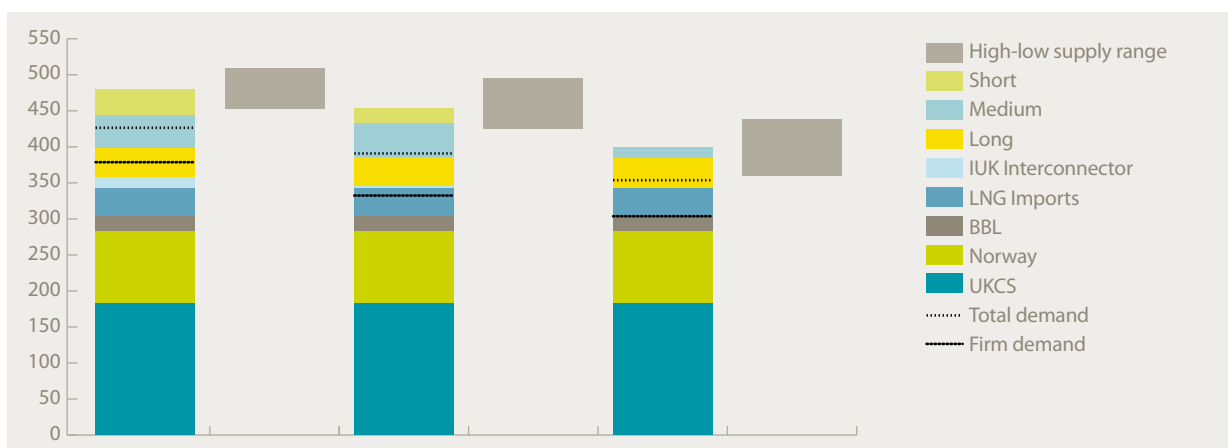
National Grid compared both total demand and firm demand against supply ('Final View' Base case), under average and severe winter conditions, and concluded that with no unforeseen supply losses, gas supply was sufficient to meet total demand in both conditions. Under severe conditions, supply sufficiency to meet total demand is subject to storage availability.

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

The cold spell analysis looked at the following:

- Coldest Day (Average Winter) – Average temperature of -2° C.
- Cold 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'. Supplies were adequate to meet demand under all cases apart from the low supply range during a period of severe winter demand. In this scenario a Demand Side Response (DSR) would be required.



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.

Conclusion

The outlook for the winter period is that both GB and indigenous supplies will be sufficient to meet Irish demand in 2009/10.

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