Gas Winter Outlook

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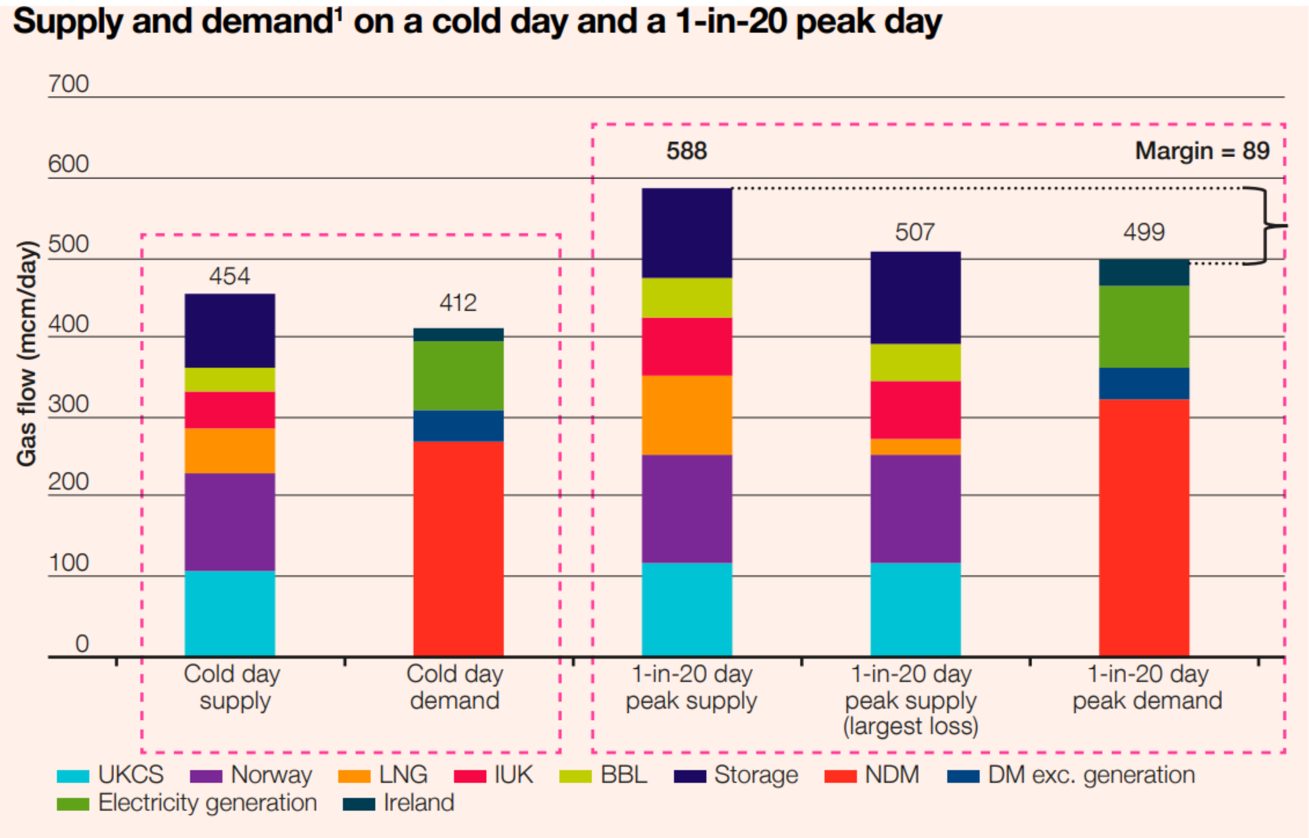
Gas supply margin



- Gas peak demand forecast is slightly higher than last winter.
- 1-in-20 peak supply is increasing.
- The N-1 test is passed.
- Gas supplies are diverse and flexible and global LNG production currently outstrips demand.

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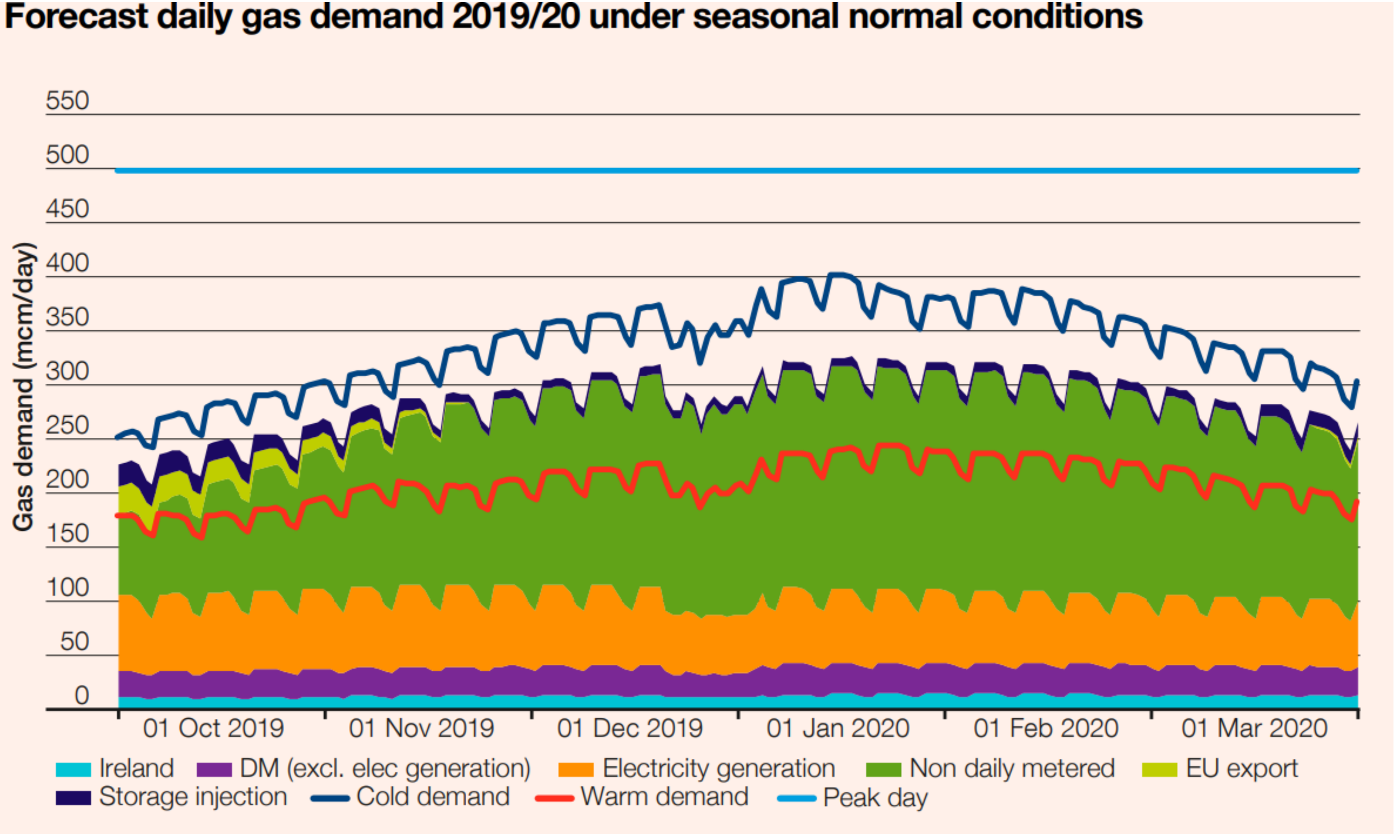
Gas demand



- Gas demand forecast for 2019/20 is 52.3bcm.
- Exports to Ireland are increasing, as production from the Corrib field declines.
- Forecast demand for gas fired-electricity generation is 11.7bcm.

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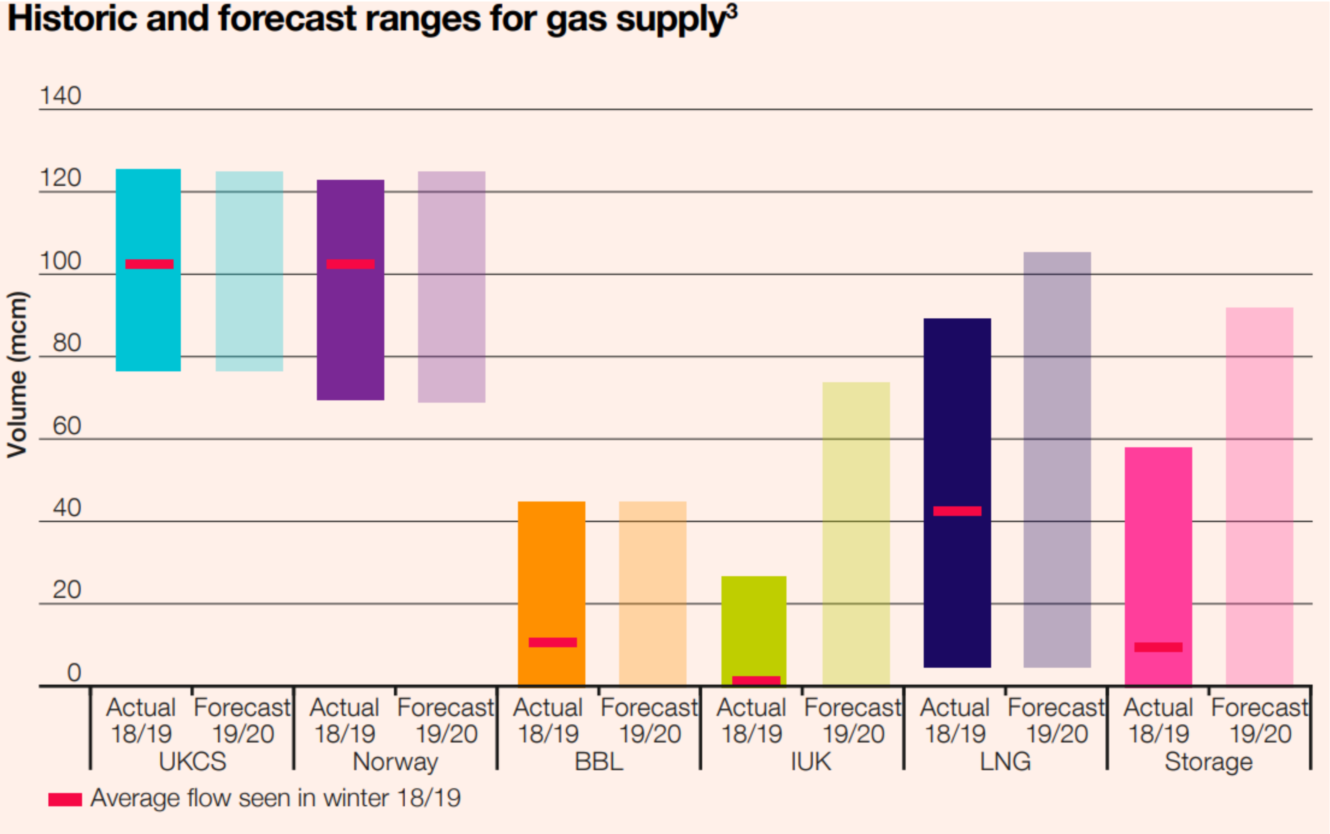
Gas supply



- We expect strong flows from the UKCS, similar to last winter.
- Non-beach supplies continue to be price responsive.
- Stock levels are currently high.
- Low storage withdrawal expected if LNG supply is high once again

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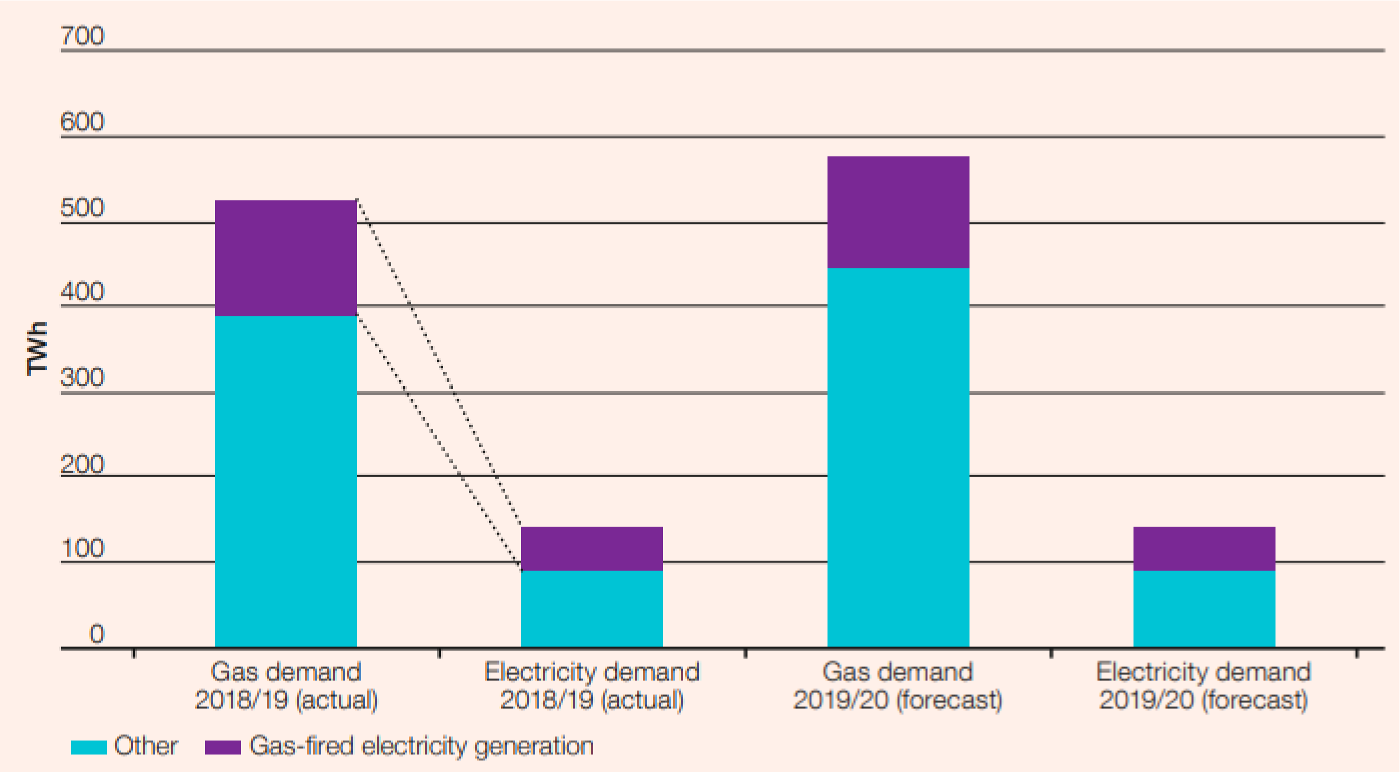
Whole energy system



- Viewed using the same units, it is clear to see that gas currently delivers significantly more energy than electricity.
- A large proportion of the overall gas demand is for the purpose of generating electricity..

The UK’s planned exit from the European Union

We have carried out analysis on a range of scenarios to test the risk

Gas

- The central case is that in a no-deal situation there will be no impact on the trading arrangements for gas interconnectors.
- We have also assessed a scenario where there are no flows on the Belgium and Dutch gas interconnectors.
- In this very unlikely scenario there will still be sufficient sources of gas supplies to meet peak demand, even in a 1-in-20 day.
- There would need to be sufficient price signals in the market to attract regular LNG cargoes to the UK, an obligation that sits with the shipper community.

Europe and connected markets

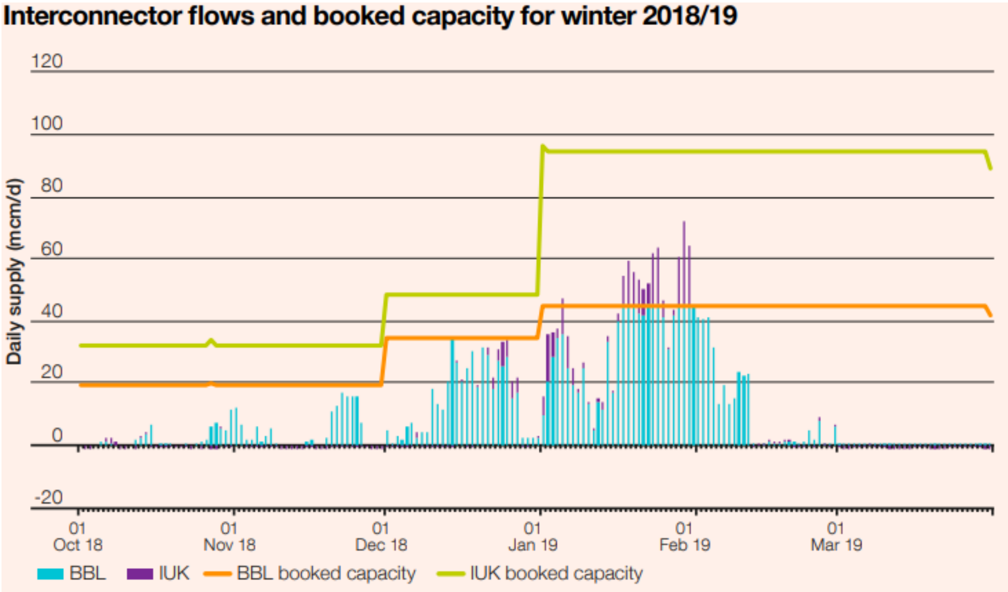
LNG Gas

- Global LNG production capacity higher than forecasted LNG Demand
- Expect Robust LNG Supplies into GB

Russia Ukraine Transit Deal

- Storage levels across the continent is high

Production from the Groningen field



Key Messages

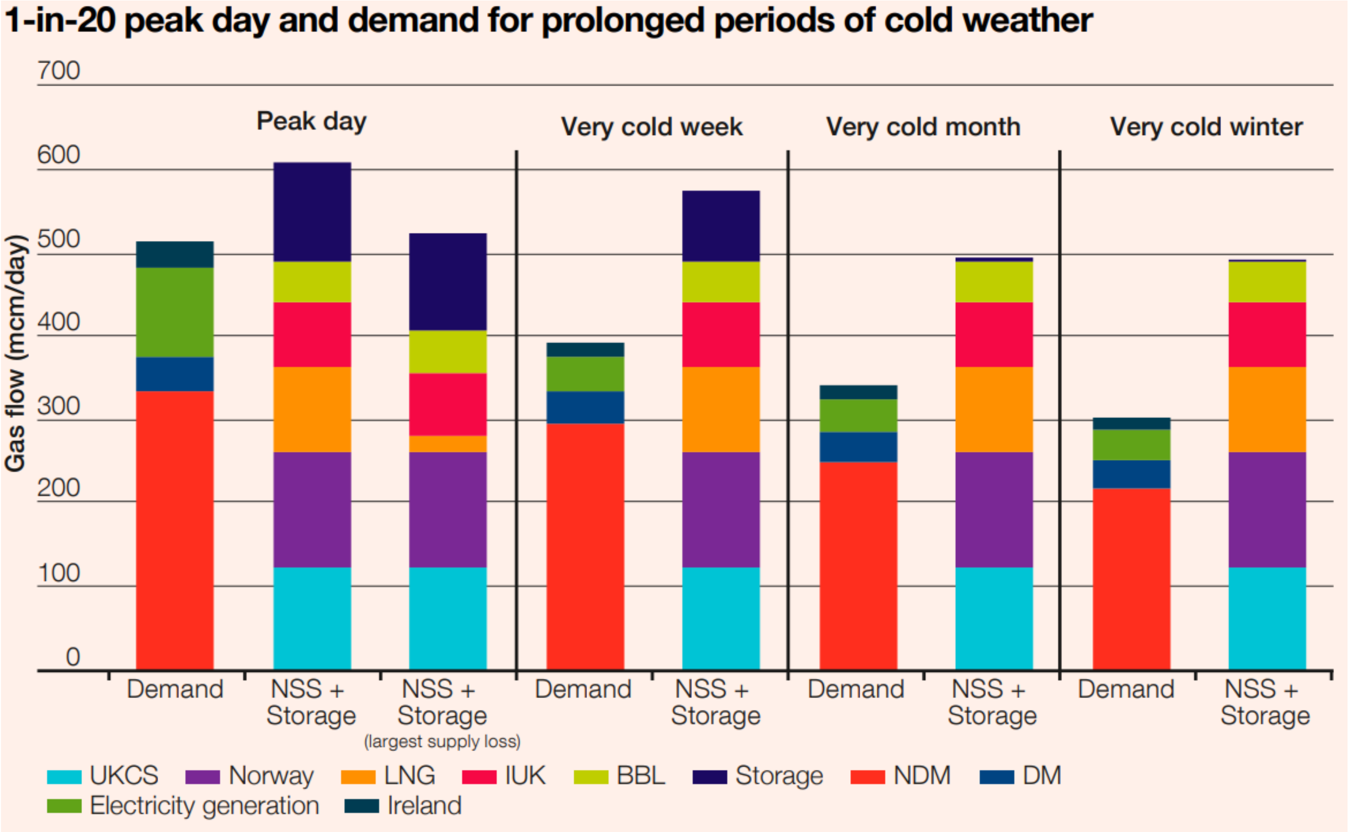
1
The margin on the electricity system is greater than last winter and well within the Reliability Standard set by the Government.

2
The gas supply margin is expected to be sufficient in all of our security of supply scenarios.

3
We anticipate no additional adequacy or operability challenges for the coming winter as a result of the UK's planned exit from the EU. We have tested our planning assumptions in a broad range of scenarios and via engagement with industry.

4
We have the tools and services we need to enable us to manage anticipated gas and electricity operability challenges across the winter period.

Cold Winter



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