Winter Supply Outlook 2012/13

A mature report ?

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No major change in the concept

Winter movie and peak snapshots

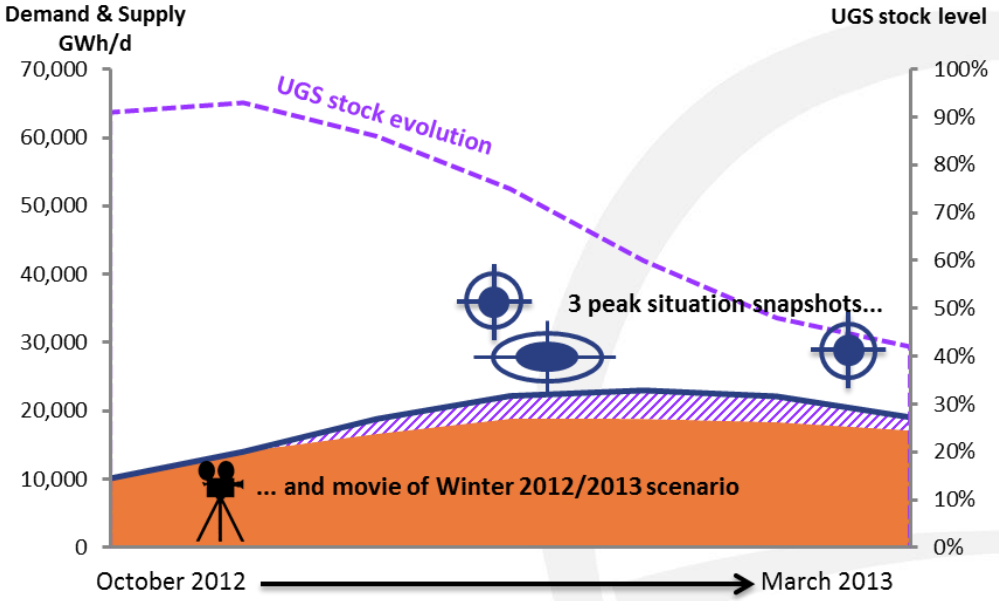
- Potential evolution of UGS stock according 3 winter demand scenarios
- 3 High demand situations (highest single day in January and March and highest 2-week period of the winter)
- The 2 approaches are linked as the decrease in UGS level impact their deliverability

Considered improvements

- Based on internal feedback and ACER's opinion
- Methodological improvements derived from TYNDP process (network topology, potential supply, LNG tank management…)
- Disruption event defined by MSs through Gas Coordination Group:
  - Ukraine disruption during a 2-week period of High Daily Demand
  - Necessity to introduce a Reference Case (without disruption for comparison purpose)

Improvements aim at streamlining the report and ensure better consistence with ENTSOG TYNDP

Winter movie – Supply & Demand



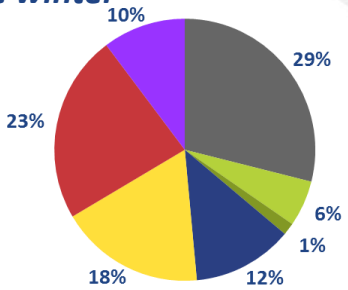
Supply & demand approach

- Demand built on TSOs 1-in-2 estimation
- Imports based on last 3 years average level
- UGS to close the balance starting at 88% (source AGSI platform)

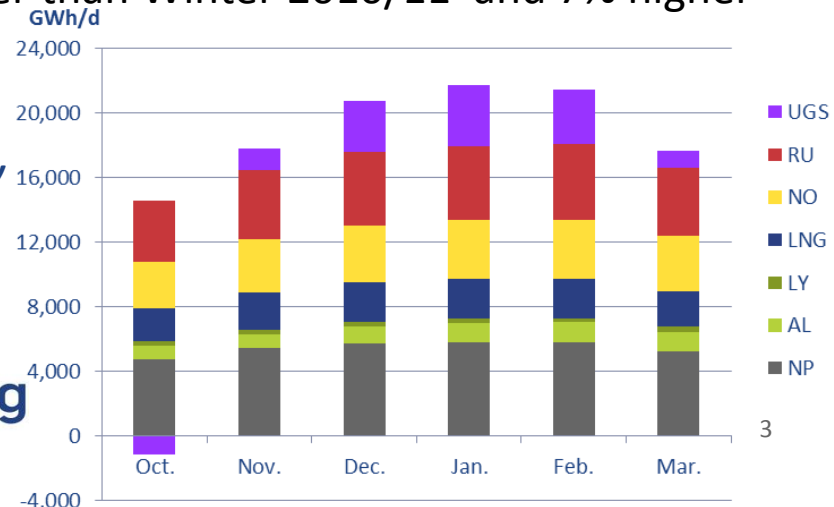
Winter movie in figures

- Reference Case demand is 3,343 TWh (3% lower than Winter 2010/11 and 7% higher than Winter 2011/12 actual demand)

Average winter supply



Evolution of winter supply

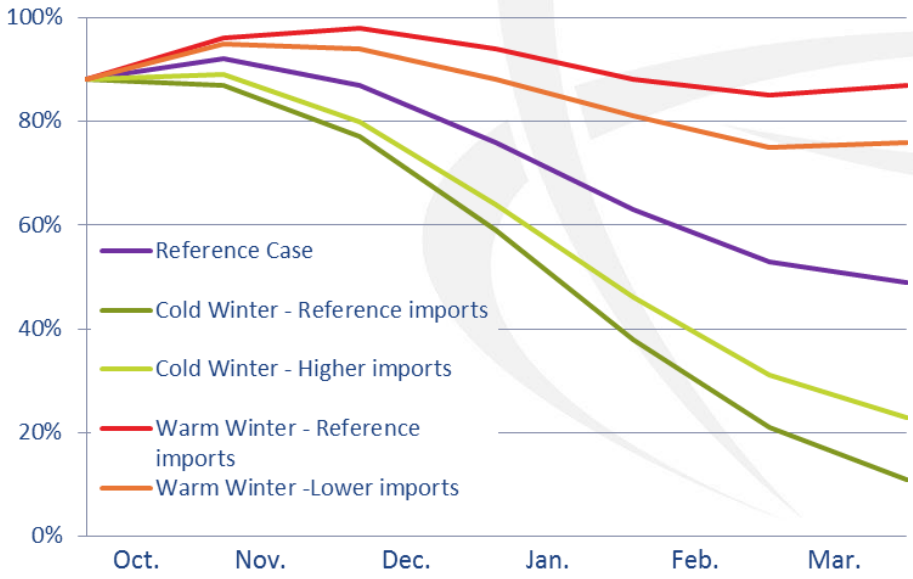


Winter movie – Evolution of UGS level

Evolution of UGS stock level

Stock level at the end of each month	Sep. 2012	Oct. 2012	Nov. 2012	Dec. 2012	Jan. 2013	Feb. 2013	Mar. 2013
Reference Case	88%	92%	87%	76%	63%	53%	49%

- A sensitivity-study has been carried out based on level of demand (± 10%) and imports (± 5%), in order to check influence on stock level at the end of the winter



Which level when facing a high daily situation after 31 January

- Reference Case 63%
- Cold Winter 38 – 46% depending the level of imports
- Warm Winter 81 – 88% depending the level of imports
- For comparison, before the February 2012 cold spell, UGS level was 67%

High daily demand snapshots - Methodology

3 pictures covering different kind of stress

- January and March Cases: single day which demand is defined according design methodology of each TSO
  - Objective: capture the influence of high transported quantities with different UGS levels

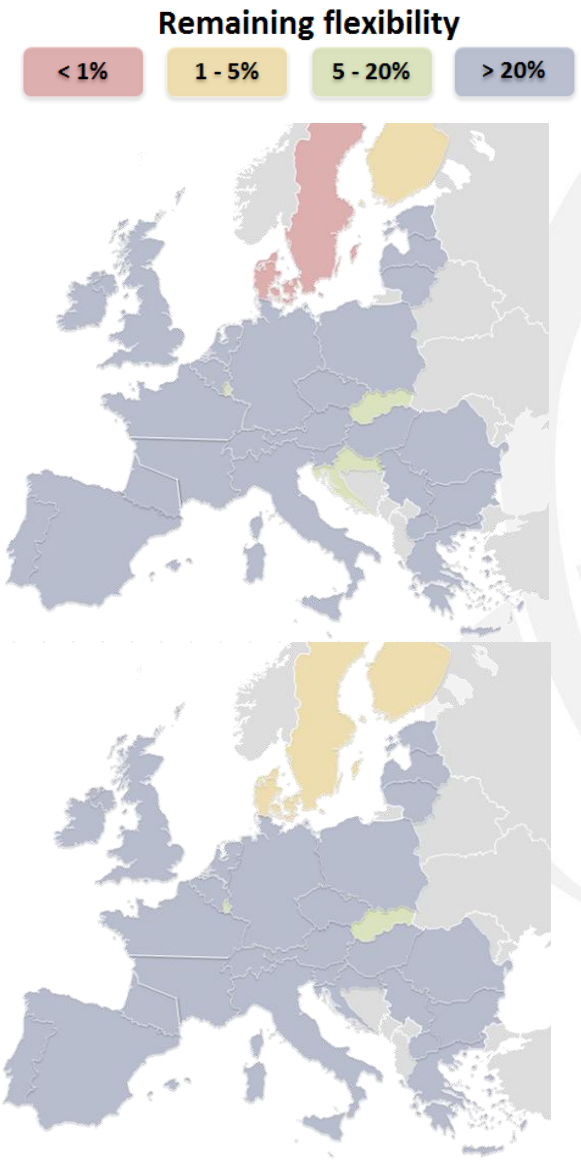
- 2-Week Case: 2-week period based on a common probability occurrence using the percentile 5% on the climatic parameter
  - Objective: capture the influence event duration on supply (mostly UGS and LNG)

UGS and LNG approaches

- January and March Cases:
  - LNG is first use at annual average level +10% (seasonal swing)
  - then with UGS to cover the balance

- 2-Week Cases:
  - LNG send-out is defined by incoming ships plus maximum use of tank
  - UGS to cover the balance

High daily demand snapshots – Single day cases



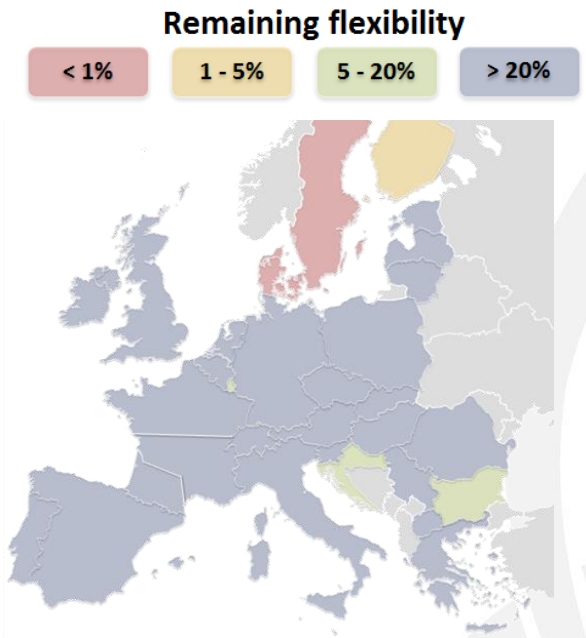
January Case

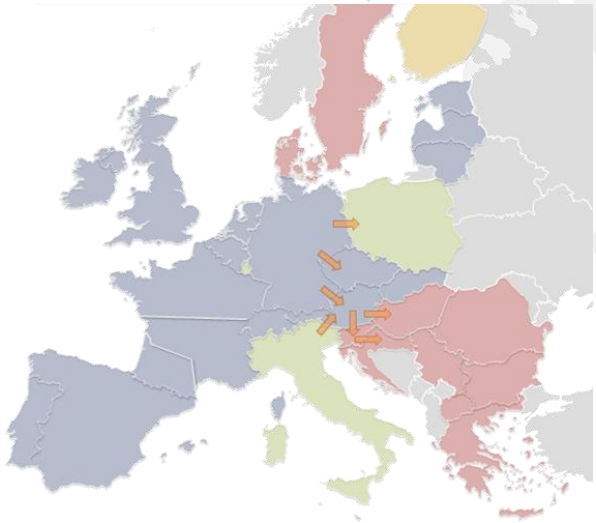
- Remaining Flexibility above 5% in most of the countries with the exception of:
  - Finland with very high ability to switch to alternative fuel
  - Denmark and Sweden where short term entry capacity exists on interruptible basis (29 GWh/d required)
- In both cases, ENTSOG TYNDP 2011-2020 shows some infrastructure projects mitigating the issue

March Case

- Flexibility increases showing that one day the lower UGS deliverability has a lower impact that the lower demand

High daily demand snapshots – 2-Week cases





Reference situation

- Level of stress comparable to January single day case
- Assuming a flat demand and supply on the period, a minimum stock level of 47% is required prior to the event

Ukraine disruption

- South-East Europe is not able to face whole gas demand (1,026 GWh missing representing 42% of the needs)
- Higher stock level is required prior to the event compared to the reference situation (58%)
- Results are consistent with the single day Ukraine disruption as shown in ENTSOG TYNDP 2011-2020

Way forward for next Supply Outlook

Natural improvements

- ENTSOG is working on a continuous basis to improve its supply and demand approaches as well as the modeling of the European gas system
- Gas and electricity interlink could be one of the main directions

ACER opinion

- Provide long term direction and should highlight priorities for next edition

Stakeholders' role

- Low appetite from the market players for these seasonal outlooks as shown in previous workshop on the topic. Maybe today workshop will show more interest.
- Member States through the Gas Coordination Group seem to be the most interested public, the GCG could then be used as a channel for collecting MSs, COM, ACER and association feedback

Thank You for Your Attention

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