

C STORE Industry Workshop

April 2008

Centrica Storage Limited



Introduction to the workshop

Bruce Walker– Managing Director, CSL

- Introduction to the workshop
- Review – Winter 07 & Summer 08
- Product Range from 2009/10 – C STORE
- Process for Delivering C STORE
- Q&A Session
- Drinks and Close

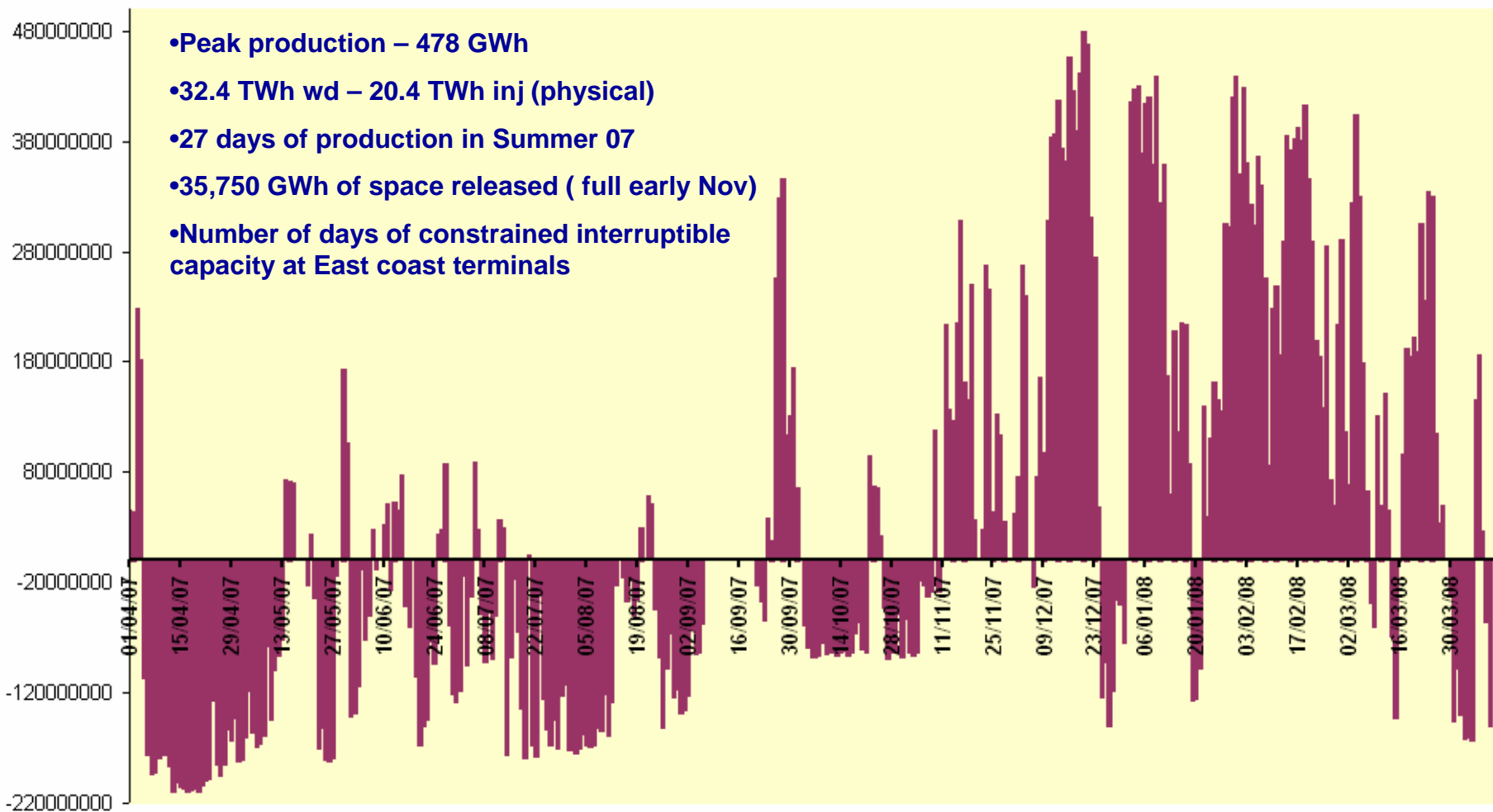
**FLEXIBILITY – CONVENIENCE – TECHNOLOGY – PERFORMANCE
CHOICE**

Review – Winter 07 & Summer 08

James Lawson – Sales and Marketing, CSL

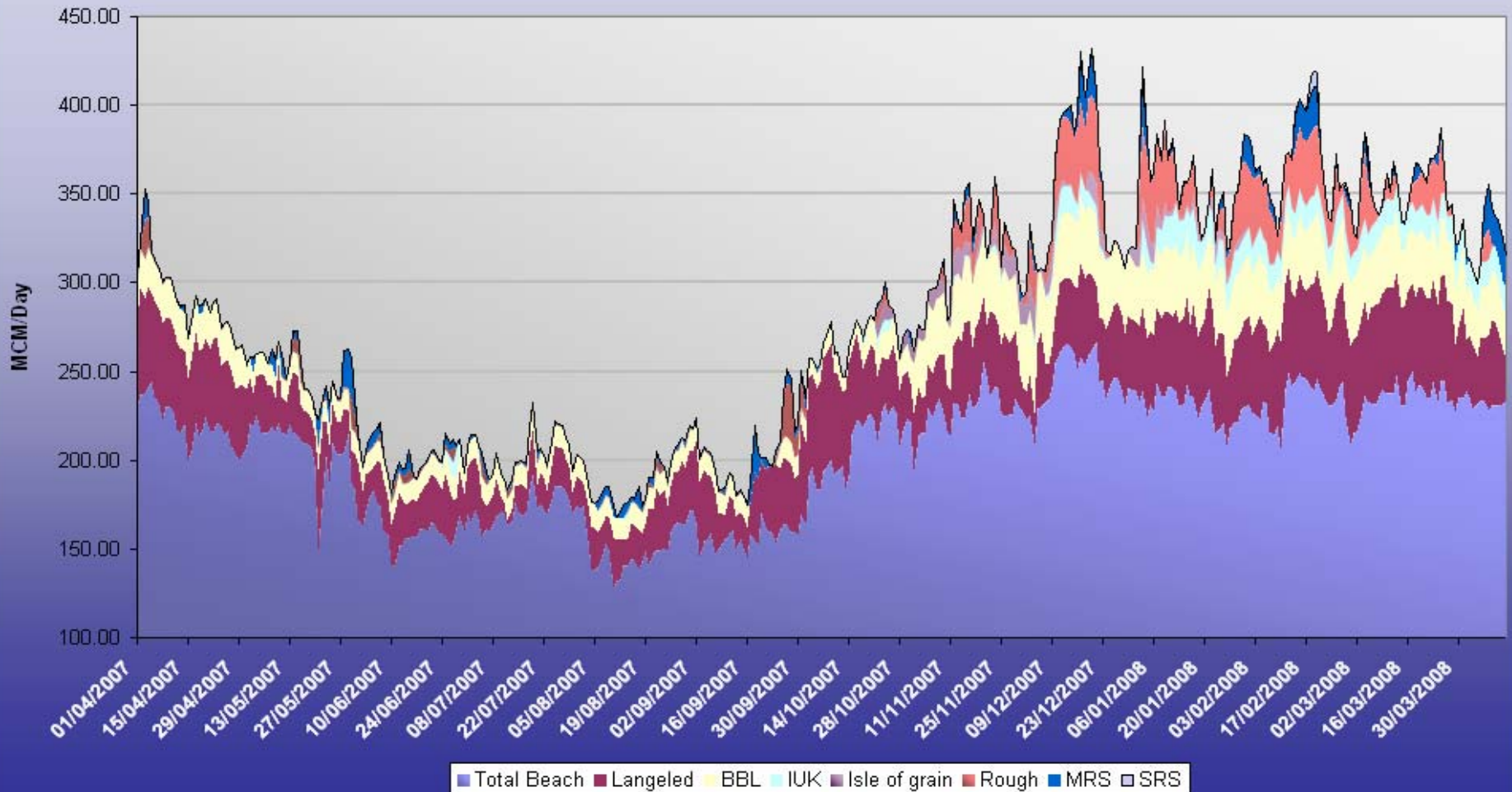
Winter Review 2007/8

Rough Physical Stock Movements 2007/8



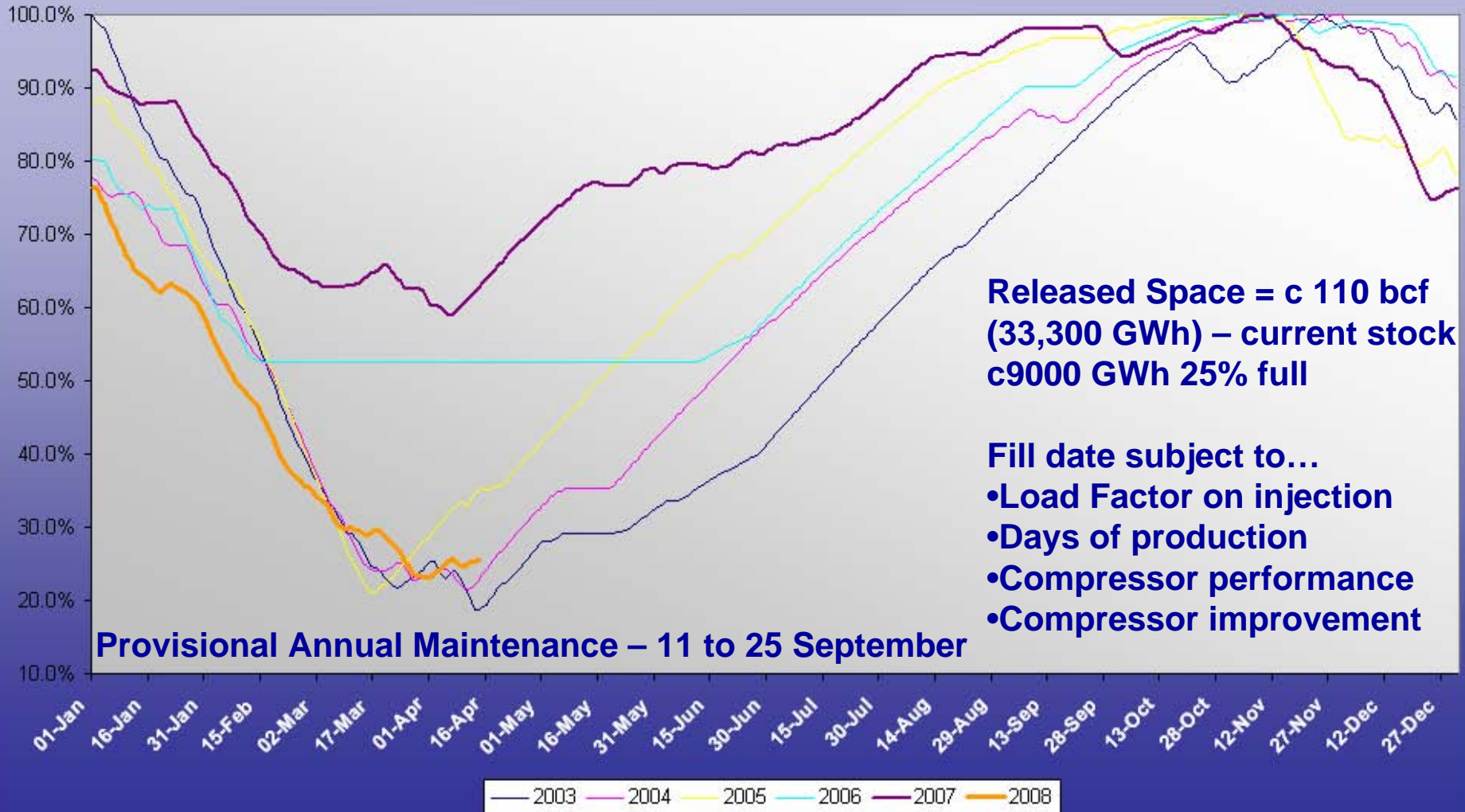
Load Duration Curve

2007-2008 Load Duration (date order)



Summer Outlook

% Inventory History



Product Range from 2009/10 – C STORE

James Lawson – Sales and Marketing, CSL

C Store

is on the horizon

◦ Convenience

◦ Technology

◦ Flexibility

◦ Performance



CSL – Effective TPA Storage Services

CSL Product offering framework

- Non-discriminatory product offering
- Market derived pricing
- Regulated contract for Minimum Rough Capacity (455m SBUs)
- Incremental capacity offered on non-discriminatory terms – i.e. V STORE
- Effective separation of storage from supply
- Offer bundled/unbundled firm and interruptible products (UIOLI)
- Transparency in operation
- Secondary trading of capacity

CSL Product Offering

SSC Services for 2009/10

S STORE - 67 day duration product – Delivered at Easington

- Within day service (the existing SSC service)
- Day ahead service

C STORE - 67 day duration - Entry Paid product

- Within day service
- Day ahead service

Additional space, gas in store and interruptible products



**Offered
under
terms of
SSC**

Incremental Services

V STORE - Virtual Storage offering

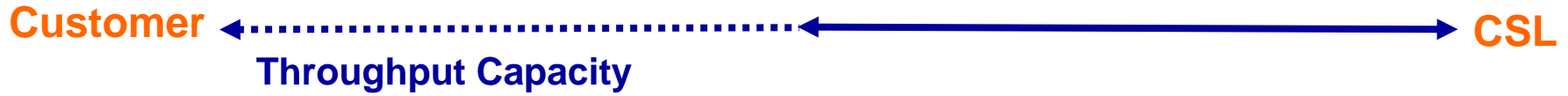
All customers will have the opportunity to purchase one or more of these services

Minimum Rough Capacity

- CSL currently sells 455m SBUs as the standard 67 day duration service
- The Minimum Rough Capacity will be made up of the 4 services in whichever proportion customers purchase them
 - C STORE within day
 - C STORE day ahead
 - S STORE within day
 - S STORE day ahead
- Pricing for each service will be market driven
- No change to the Centrica companies reservation

Overview of CSL Services

C STORE



NBP



Easington

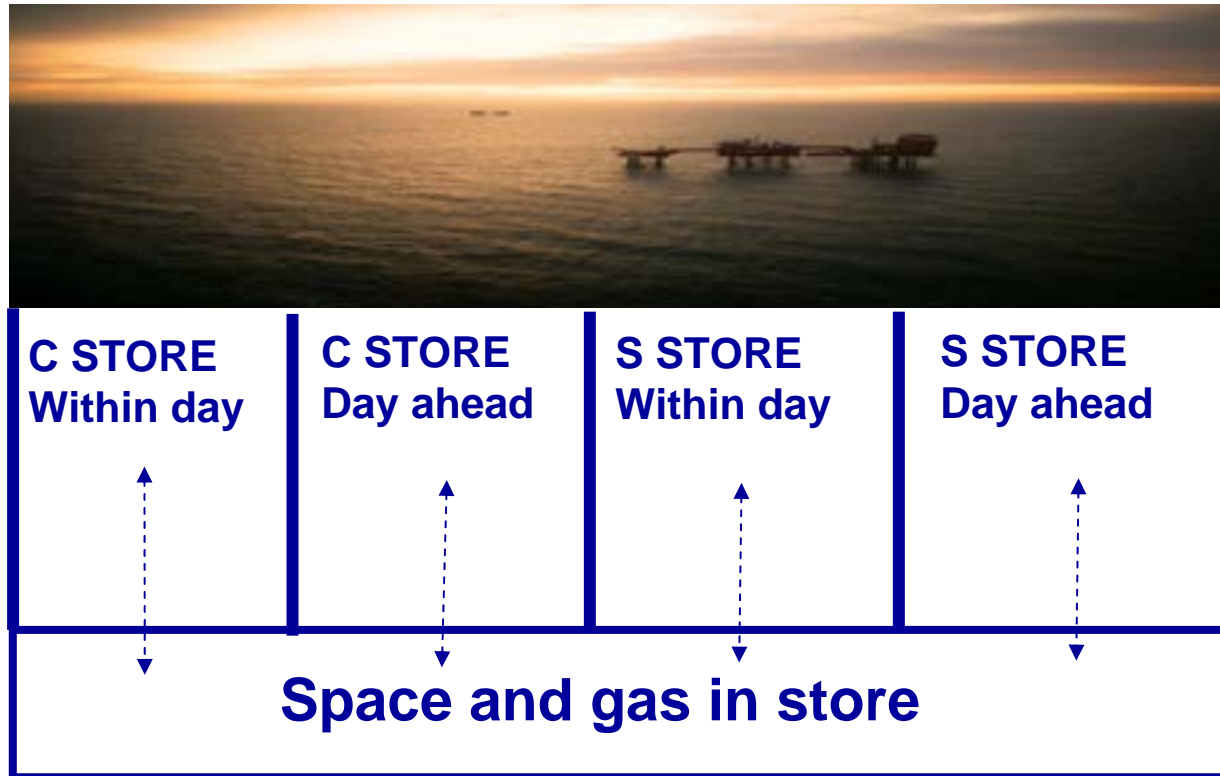


Rough

S STORE



Gas in Store, Transfers and Space



- Gas in store to remain fully transferable – not gas in store per service
- Space can apply to any service
- CSL to allocate C STORE volumes at NBP during winter period
- Transfer rules on deliverability and injection capacity within service

Use It or Lose It (UIOLI)

- CSL operates the most robust UIOLI arrangements in TPA gas infrastructure in European gas markets
 - Prevents hoarding of capacity and efficient use of storage capacity
- New SSC has within day and day ahead services
- We will offer C STORE within day customers additional entry paid interruptible services, but may interrupt if additional entry capacity is not economically available
- All customers (including those customers who take only interruptible services) will have the option of purchasing within day interruptible services

Common Features across SSC services

- The SSC services are backed from the Rough facility
- Injection – a common factor (DIAF) will apply to all 4 services
- Availability of Interruptible Space (when Rough <80% full)
- SBU – apart from Throughput Capacity the deliverability/injectability and space bundle are the same
- Common annual maintenance periods, injection cancellation and FM provisions
- Gas in Store not tagged to a service
- Space can be moved between services
- Aggregate gas in Rough published for stock across all SSC services
- Customer nominations will continue to be published in aggregate at existing times
- CSL commodity charges – 0.82p/th
- Payment /credit terms – as now
- The opportunity to sign the Security Trust Deed
- STORIT – the web enabled storage system

	<u>GWh</u>	<u>MTherms</u>	<u>SBU (kWh)</u>
<u>Withdrawal</u>	455/day	15.5/day	1/day
<u>Space</u>	30,300	1,033	66.593406
<u>Injection</u>	160/day	5.45/day	0.351648/day

S STORE within day (current SSC service)

- Re-nominations allowed against short notice periods
- Space and gas in store freely transferable and usable across all services
- Deliverability and Injectability freely transferable **between all customers and usable within the same service**
- Robust gas in store market (buy / sell rights to call on gas)
- Multiple re-nominations allowed
- No minimum flow requirements
- CSL allocates whole and takes any imbalance
- Storage capacity fees paid 1 month in arrears
- Maintenance rights (25 inj/20 wd pa – 60/50 days over a 3 year period) can only be claimed by notification 14 days before the month
- Firm, flat withdrawal rights to Easington ASEP
- Injection rights subject to DIAF adjustment and 15 days of injection cancellation if notified by midday D-1
- Availability of interruptible services remains unchanged

Orange denotes change from SSC

S STORE day ahead

- Re-nominations allowed until 04:00 D-1 (2 hours before the gas day) after which time the firm nomination is fixed.
- Space and gas in store freely transferable and usable across all services
- Deliverability and Injectability freely transferable **between all customers and usable within the same service**
- Robust gas in store market (buy / sell rights to call on gas)
- Multiple re-nominations allowed **until 04:00 D-1**
- No minimum flow requirements
- CSL allocates whole and takes any imbalance
- Storage capacity fees paid 1 month in arrears
- Maintenance rights (25 inj/20 wd pa – 60/50 days over a 3 year period) can only be claimed by notification 14 days before the month
- Firm, flat withdrawal rights to Easington ASEP
- Injection rights subject to DIAF adjustment and 15 days of injection cancellation if notified by midday D-1
- Within day interruptible SIS available at ex ante rates **but day ahead customers interrupted before within day customers**

Throughput Capacity

- Applies only to C STORE within day and day ahead services
- Where held, delivers withdrawal nominations from Rough to the NBP (effected by a gas transfer)
- Applies from 1st October to 31st March
- Sufficient Throughput Capacity to cycle full volume x c3 (183/67)
- Can be freely traded amongst C STORE customers
- Cannot be transferred and used by other services
- In summer and if Throughput Capacity is depleted gas delivered to Easington ASEP

C STORE within day

- Gas delivered to the NBP in winter when the customer has Throughput Capacity
- Re-nominations allowed against short notice periods
- Space and gas in store freely transferable and usable across all services
- Deliverability and Injectability freely transferable between all customers and usable within the same service
- Throughput Capacity freely transferable between C STORE customers and usable within the same service
- Robust gas in store market (buy / sell rights to call on gas)
- Multiple re-nominations allowed
- No minimum flow requirements
- CSL allocates whole and takes any imbalance
- Storage capacity fees paid 1 month in arrears
- Maintenance rights (25 inj/20 wd pa – 60/50 days over a 3 year period) can only be claimed by notification 14 days before the month
- Firm, flat withdrawal rights to NBP in winter when Throughput Capacity held
- Injection rights subject to DIAF adjustment and 15 days of injection cancellation if notified by midday D-1
- Within day interruptible SIS available at ex ante rates entry paid or at Easington ASEP with priority over day ahead customers

C STORE day ahead

- Gas delivered to the NBP in winter when the customer has Throughput Capacity
- Re-nominations allowed until 04:00 D-1 (2 hours before the gas day) after which time the firm nomination is fixed
- Space and gas in store freely transferable and usable across all services
- Deliverability and Injectability freely transferable between all customers and usable within the same service
- Throughput Capacity freely transferable between C STORE customers and usable within the same service
- Robust gas in store market (buy / sell rights to call on gas)
- Multiple re-nominations allowed until 04:00 D-1
- No minimum flow requirements
- CSL allocates whole and takes any imbalance
- Storage capacity fees paid 1 month in arrears
- Maintenance rights (25 inj/20 wd pa – 60/50 days over a 3 year period) can only be claimed by notification 14 days before the month
- Firm, flat withdrawal rights to NBP when Throughput Capacity held
- Injection rights subject to DIAF adjustment and 15 days of injection cancellation if notified by midday D-1
- Within day interruptible SIS available at ex ante rates but day ahead customers interrupted before within day customers

Process for Delivering C STORE

Nick Lumley – General Counsel, CSL

- **GGPSSO**

- Pre-consultation on TPA storage services

- **Undertakings**

- All minimum Rough capacity sold under terms of SSC
- Changing the SSC - requires CSL to post a modification to the SSC including a marked up version of the new contract on STORIT and the website
- CSL consults for 1 calendar month
- All responses sent to Ofgem
- Ofgem have up to 1 further calendar month to respond to the modification request

Questions and Answers

Sonia Youd – Commercial Director, CSL

A photograph of an offshore oil rig at sunset. The sun is low on the horizon, creating a bright orange and yellow glow that reflects on the dark blue water. The sky is filled with dark, dramatic clouds. The rig is silhouetted against the bright light of the setting sun.

C Store
is choice