

## Glossary

<b>ACQ</b>	Annual contract quantity: the target annual volume which BG agrees to buy under a gas purchase contract.
<b>Associated gas</b>	Gas found in association with oil; gas produced from an oilfield.
<b>Back-up gas</b>	A supply of gas to a third party supplier under the terms of a common carriage contract, in circumstances where that supplier's right to have gas conveyed through BG's pipelines is temporarily discontinued.
<b>Capacity costs</b>	Costs incurred in constructing and running the gas supply system which are necessary to ensure that the designed maximum daily quantity of gas can be supplied during periods of peak demand in exceptional weather conditions.
<b>CHP</b>	Combined heat and power; referring to processes producing both heat (eg steam) and electricity.
<b>Common carriage</b>	Conveyance of gas through a pipeline system (in this context the system belonging to BG) on behalf of a third party.
<b>Compressor station</b>	Installation on the National Transmission System which restores pressure losses during transmission, thus boosting pipeline capacity.
<b>Contract market</b>	Those gas customers supplied under the terms of special agreements with BG, rather than under regulated tariffs.
<b>Depletion contract</b>	In gas purchase contracts, an agreement to purchase the output of a field over its whole lifetime.
<b>Distribution system</b>	That part of the gas supply system which takes gas from the transmission system and carries it at relatively low pressures through the mains into the service pipes leading to customers' meters.
<b>Diurnal storage</b>	Storage provided to meet daily variations in gas demand provided in the form of gas holders and line-packing.
<b>Domestic market</b>	That part of the energy market where energy is used within domestic premises; for gas, the main domestic users are home heating, water heating and cooking.
<b>Dry gas</b>	Natural gas from fields with a low proportion of the higher liquid hydrocarbons (unlike associated gas from oil or condensate fields).
<b>Dual-firing</b>	In relation to equipment, the capability of using two different fuels, such as gas and oil.
<b>Escalation</b>	In gas purchase contracts, provisions covering movements in the contract price over the period of the contract, by reference to specified indices.
<b>Feedstock</b>	Natural gas used as a raw material for production of ammonia and methanol by the chemical industry.
<b>Firm gas</b>	Refers to a supply of gas which the seller is not permitted to interrupt. Covers both tariff supplies and firm contract supplies.
<b>Gas levy</b>	A levy, created by the Gas Levy Act 1981, as amended by the Gas Act 1986, which applies to purchases of gas from United Kingdom fields under contracts agreed before July 1975. BG currently pays the Government four pence per therm on gas purchased from such fields. The rate of the levy cannot be increased before April 1992.
<b>Gas Oil</b>	Oil product used in energy markets, because it is relatively non-polluting and controllable. Largely free of sulphur, metals and other contaminants, gas oil is suitable for space and water heating and many industrial processes.

<b>HFO</b>	Heavy fuel oil, which contains sulphur and other impurities, is the residual product from the oil-refining process. It is used mainly for steam raising and industrial processes requiring crude bulk heat.
<b>Interruptible gas</b>	Refers to gas supplied under terms which provide for the seller interrupting the supply for not more than a given number of days per year.
<b>Line-packing</b>	Increasing pressure within the gas supply system above that required for transmission, but within the safe working limit, so that it can hold a greater quantity of gas and provide a stored supply.
<b>LNG</b>	Liquefied natural gas: natural gas which has been cooled in order to liquefy it, reducing its volume for storage and transport.
<b>Load factor</b>	A measure of the variation in demand for gas. Usually refers to the relationship between average daily demand over a year and estimated 1 in 20 year peak daily demand, expressed as a percentage. The lower the load factor percentage, the greater the difference between average and peak demand.
<b>LPG</b>	Liquefied petroleum gas: propane and butane, mainly obtained from oil refining, are gaseous fuels, stored under pressure in tanks or other vessels. LPG is a fuel which can be used in any application for which natural gas would be suitable.
<b>Make-up gas</b>	The take or pay terms of some gas purchase contracts give BG the right to take make-up gas in years after it has paid for gas but not taken it (see Take or pay).
<b>NTS</b>	See Transmission system.
<b>Non-premium market</b>	BG's term for that section of the energy market which does not require a high-quality fuel.
<b>One-in-50 year winter demand</b>	The volume of winter demand from firm customers that would not be expected to be exceeded in more than one year in 50.
<b>One-in-20 year peak day demand</b>	The volume of demand from firm customers in a period of 24 hours which would not be expected to be exceeded in more than one year in 20.
<b>Actual peak day</b>	The day of highest gas demand in a year.
<b>Peak-shaving</b>	Techniques used to manage gas supply at times of peak demand: these include the cutting of supply to customers on interruptible contracts and the use of gas stored in salt cavities or as LNG to meet the peak demand from tariff and firm contract customers.
<b>Premium market</b>	BG's term for that section of the energy market for which a high-quality fuel is sought, rather than crude bulk heat.
<b>Process heat</b>	Heat for direct or indirect use in an industrial process, rather than for space or water heating.
<b>Salt cavity storage</b>	Storage of gas in underground cavities which have been hydraulically excavated. Gas is compressed into the cavities at periods of low demand, and released when needed to meet peak demand.
<b>Seasonal supplies</b>	Supplies of gas which can be used for extended periods during the winter. At present, BG takes seasonal supplies from the South Morecambe and Sean fields and from the Rough gas storage field.
<b>Standby fuel</b>	The fuel which an interruptible customer stores ready for use if his gas supply is interrupted.
<b>Steam raising</b>	Production of steam in boilers for indirect process heat or space heating.
<b>Swing factor</b>	In gas purchasing contracts, the seasonal flexibility agreed in the rate of supply. The higher the swing factor, the greater the flexibility in meeting seasonal demand.
<b>Take or pay</b>	In a gas purchase contract, an undertaking to pay for a specified annual or daily quantity, whether or not that amount is taken. Some contracts permit gas paid for but not taken to be carried forward, to be taken or credited later. This is known as make-up gas.

<b>Tariff formula</b>	The formula in BG's Authorisation which determines the maximum average price per therm for tariff gas supplies.
<b>Tariff market</b>	That part of the gas market where customers (including nearly all domestic consumers), generally taking less than 25,000 therms a year, pay for gas under the published tariffs.
<b>Terminal</b>	An installation at the point where gas from an offshore field comes ashore. The gas is treated, transferred from the producer to the purchaser, and enters the national transmission system.
<b>Therm</b>	A unit of heat, defined in the Gas Act 1986 as meaning 105.506 megajoules. It is also equivalent to 100,000 British thermal units. The Gas Act 1986 requires a public gas supplier to charge for gas according to the number of therms supplied.
<b>Transmission system</b>	A system carrying gas in large volumes at high pressure. The national transmission system (NTS) carries gas from the terminals throughout Great Britain. At offtakes, gas passes to the regional transmission systems (RTS), which carry the gas onward to the main centres of demand, where it passes into the regional distribution systems (RDS) through pressure reduction stations.
<b>Unaccounted-for gas</b>	The difference between the measured quantity of gas entering the system and the measured quantity sold to customers or used for BG's own purposes. The difference is caused by metering errors, leakage, theft of gas, etc.
<b>UKCS</b>	The UKCS is that area of the sea-bed around the United Kingdom extending out to approximately the median line between the United Kingdom and neighbouring coastal states, being the area in which the United Kingdom has sole rights of exploration and exploitation under international law.