

Security of Gas Supplies

Information Paper

by

UK Offshore Operators Association

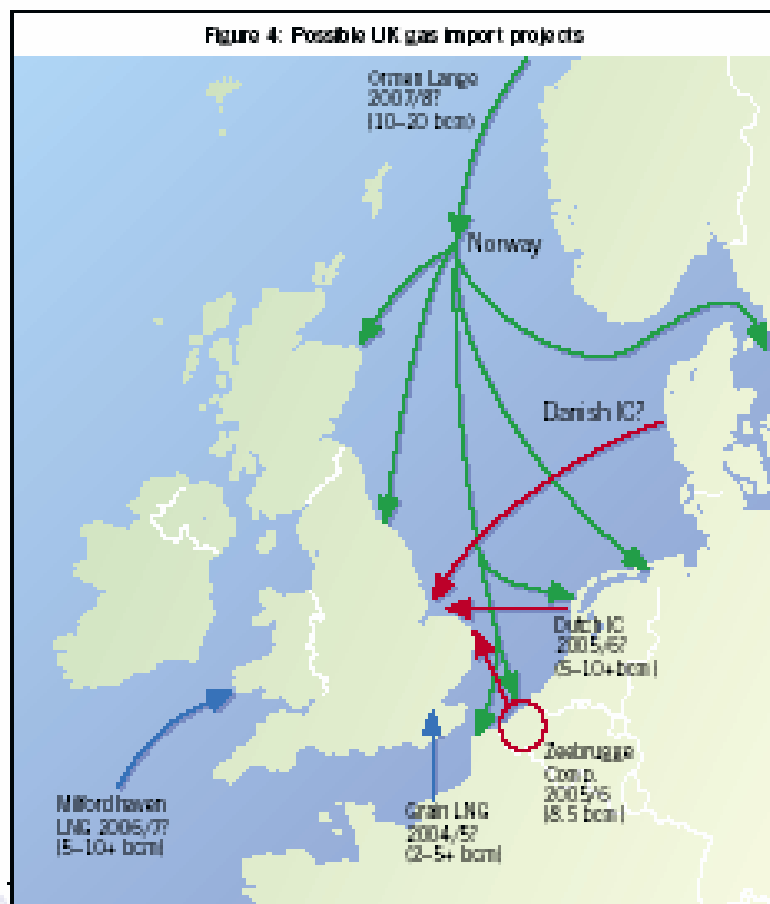
Security of Gas Supplies

- What is security of supply?
- Capability of maintaining supplies to consumers, even during peak demand
- Minimising risk of supply failure and ability to cope with such failure
- Accessing adequate gas volumes for medium and long term

Security of Gas Supplies

- Gas is the largest source of primary energy in UK's economy
- Basic principles in achieving SoS
 - full exploitation of indigenous resources
 - diverse and secure supplies
 - availability and reliability of transmission/import infrastructure
 - storage and other tools (short term)

Security of Gas Supplies



Source: Energy Ten Year Statement 2002

- Self sufficient now (net exporter): 4th largest gas producer in the world
- Est. UKCS still supplying 2/3 rds of UK needs in 10 years' time
- 70% of world's gas reserves within economic distance of EU
- Norway and Netherlands initial overseas suppliers (Norway was previously)
- No need for "alarm", however.....

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Security of Gas Supplies

- Role of government:
“Creating right economic and legal climate to encourage investment in supplies”
 - New UKCS production & imports
- Infrastructure investment: crucial
 - both for (UK NTS and international networks)
- Security comes from diversity
 - open markets necessary
- LNG and storage: greater prominence in future

Security of Gas Supplies

- Security of supply comes at a cost,
but.....
- Risks to UK's economy of under-investment far outweigh costs of some extra investment.