



CORPORATE FINANCE

Access to fortress Europe: liberalisation issues & implications for strategic supply

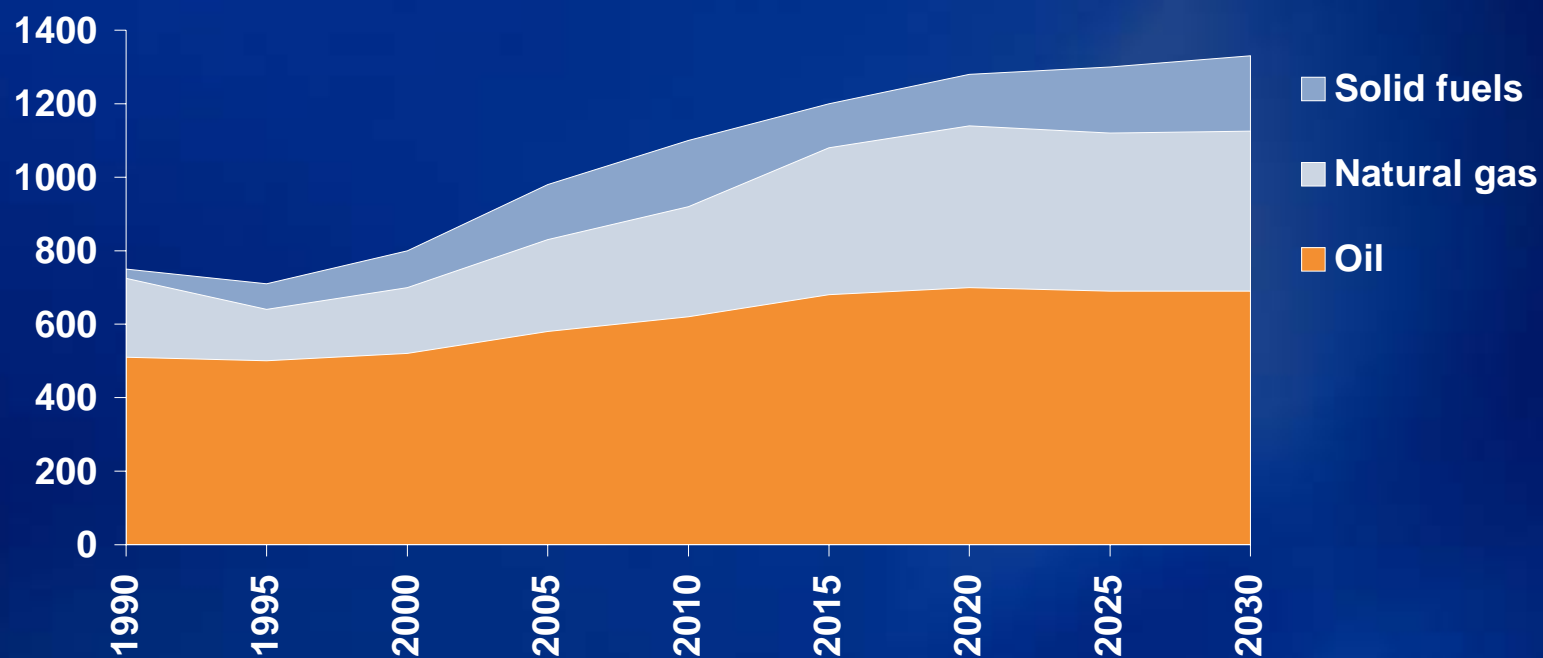
Westminster Energy Forum

18 October 2007

ADVISORY

The EU is increasingly dependent on imported gas...

EU27 Net imports of fossil fuels

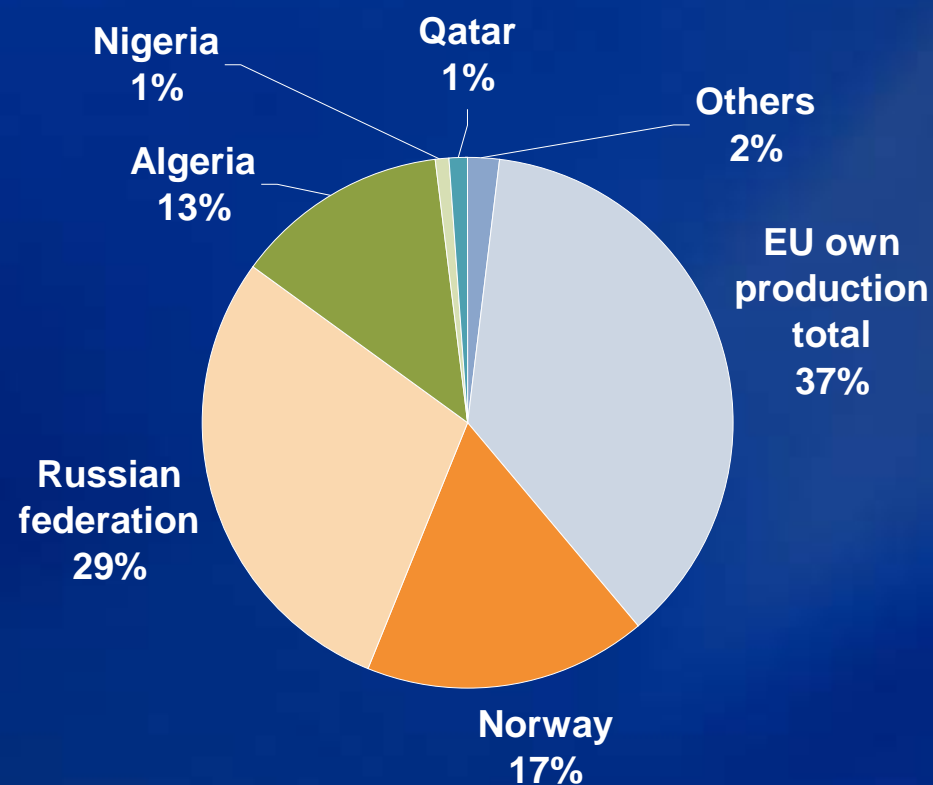


Note: Baseline scenario, MBtu

Source: European Commission (2007)

Russia is already a key player...

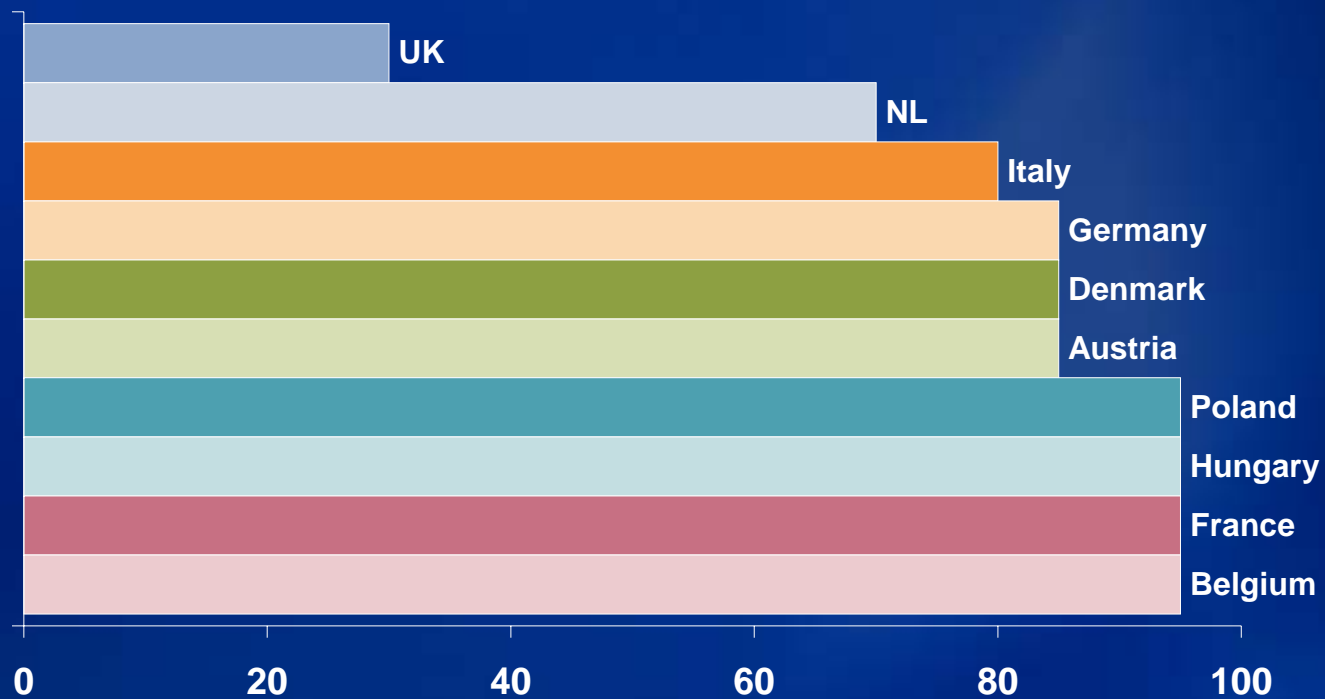
EU27 sources of natural gas



Source: European Commission (2007)

Only the UK has introduced a competitive market for gas...

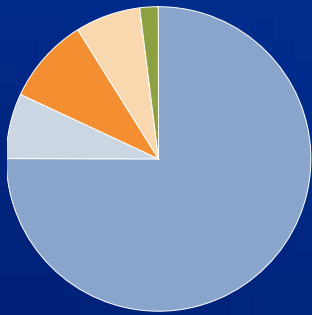
Incumbent(s) share of available gas in %



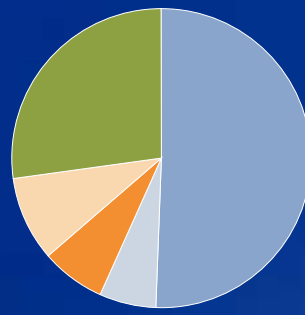
Source: European Commission (2007)

'National champions' continue to dominate European electricity markets...

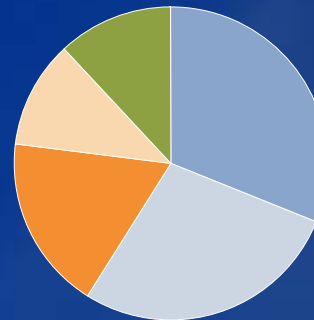
Concentration in European electricity markets



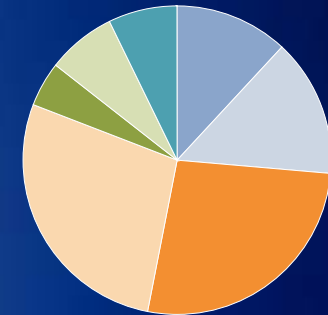
France – single dominance



Spain – duopoly



Germany – oligopoly

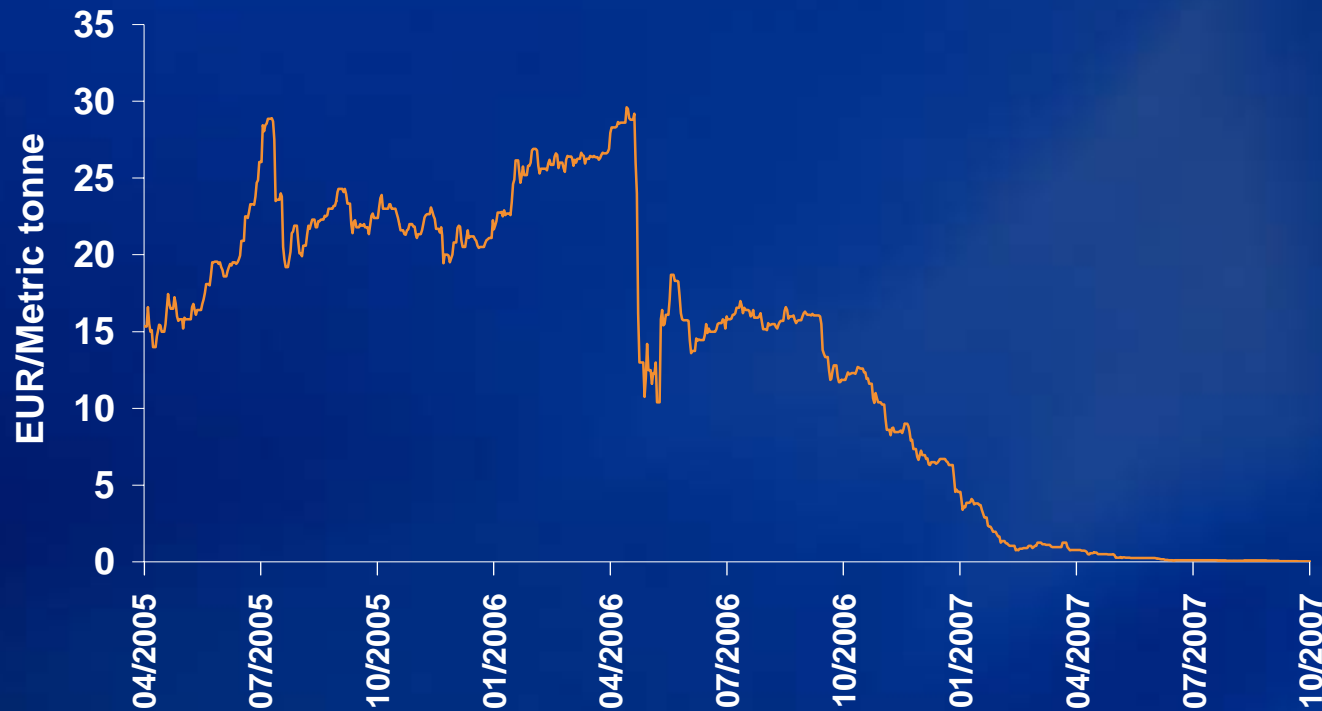


UK – fairly competitive

Source: European Commission

A robust carbon market is key to providing the right investment signals...

EU ETS spot market prices for carbon: April 2005-Oct 2007



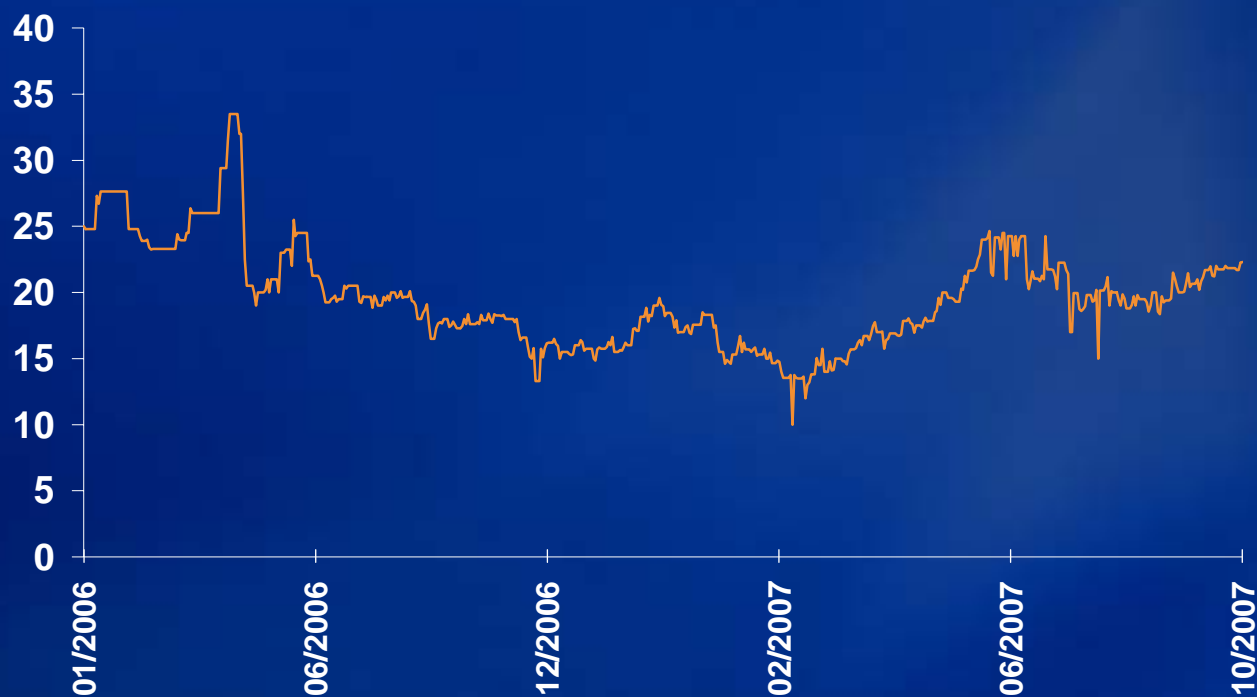
Source: Bloomberg



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Forward carbon prices are higher than spot prices...

Forward prices for carbon for 2008 (phase 2 of the EU Emissions Trading Scheme)



Units: Euros/metric tonne

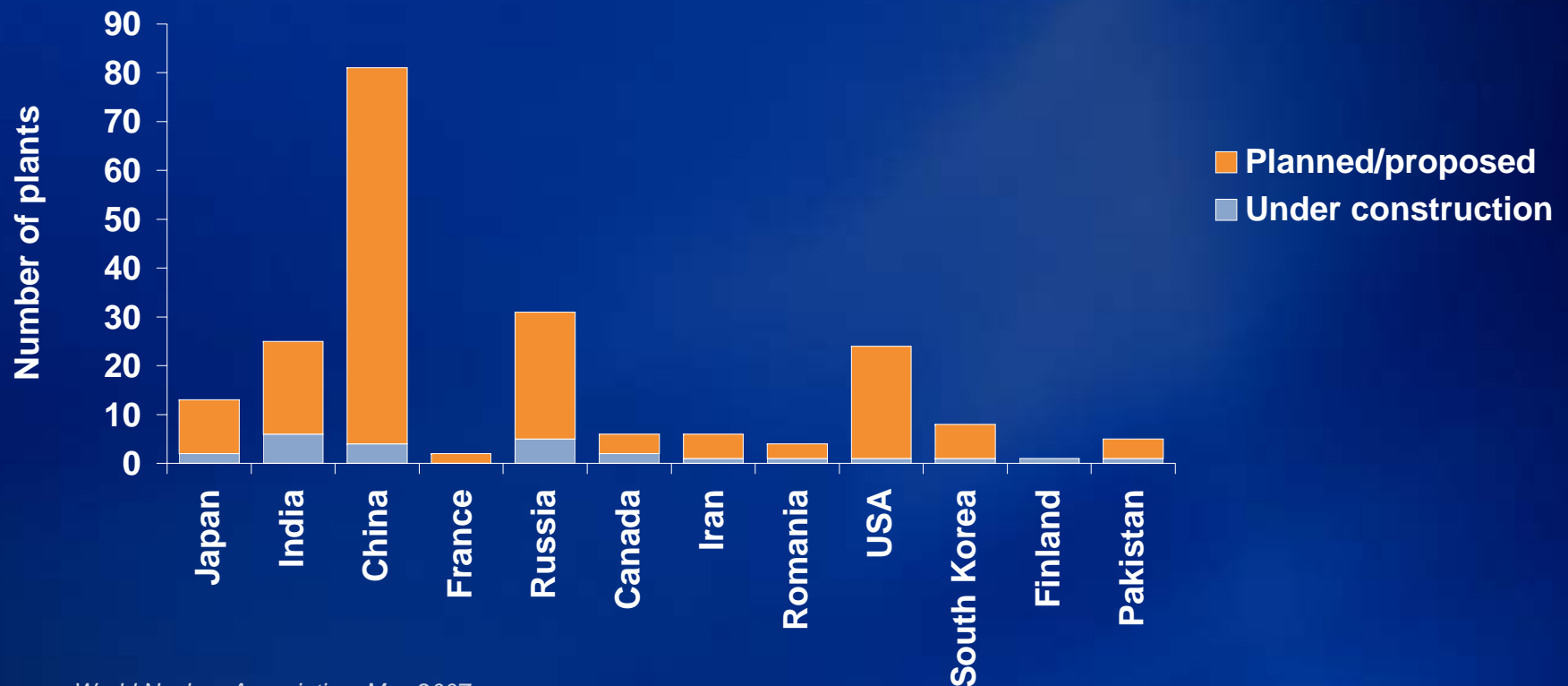
Source: Bloomberg



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Nuclear must be part of the answer but we are competing in a global market for nuclear skills...

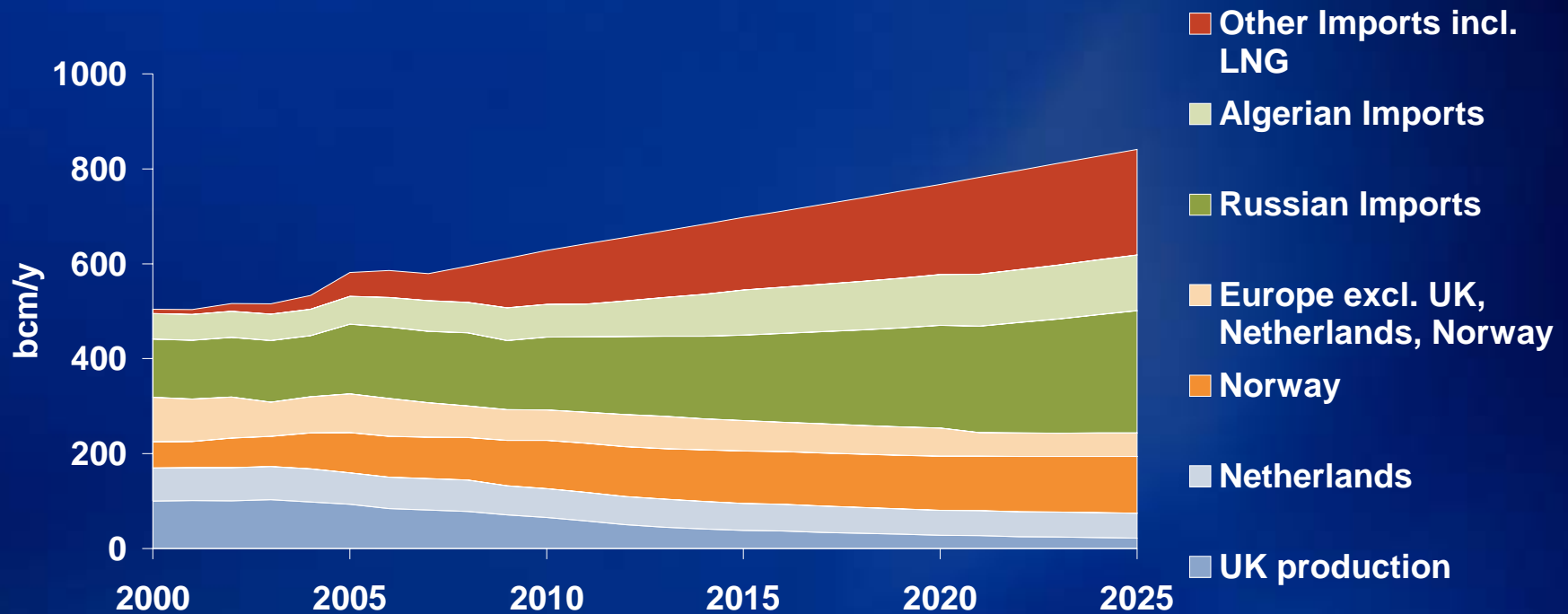
Number of nuclear plants under construction or planned/proposed in selected countries



Source: World Nuclear Association, May 2007

Bold measures are required if we are to avoid a 'second dash for gas'...

Projected European gas supplies (base case)



Source: National Grid 10 Year Statement