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UK Country Brief on Natural Gas - a BGS perspective

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- Domestic gas prices now relaxing due to Norwegian interconnector coming on stream. UK is not expected to risk "tight" gas supplies like those experienced in 2004-6 for at least a decade. EC is investigating the under-use of the Zeebrugge interconnector to import gas to UK during the high domestic price period.
- UK needs additional gas storage as producing fields deplete. Both LNG and UGS are being developed. Public acceptance issues are causing local planning delays with some onshore projects.
- UK Government (DTI) has changed legislation and now allows LNG to be stored in salt caverns.
- UK Energy review (July 2006) recognises the need for diversity of supply. Concern expressed about over-reliance on gas for power generation. White Paper taking into account the outcome of the Review expected in 2007
- UK coal fired power generation fleet requires replacement/upgrading. Uncertainty and delay with regard to the ETS and recognition of CCS within it, might cause investment decisions to be made in favour of gas rather than clean coal, if delay is significant.
- Depleting and depleted gas fields beginning to attract attention as future CO_2 storage sites.
- No serious moves yet to exploit unconventional gas resource of UKCS.
- World's first hydrogen fired power plant (it uses NG as the primary fuel) is still on the drawing board and being costed by the operators- decision about project implementation expected during 2007.