mZINE

Industry Insights From MJMENERGY Gas Security Issue/2 January 2006

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# What would happen in an emergency, part 2 – Safety Monitors and Severe Winters

With the row between Russia and Ukraine over gas prices leading to a temporary dip in gas supplies to Western Europe , the issue of a potential gas emergency remains a hot potato. Last month we looked at what constitutes an emergency, and what action is likely to be taken in event of a Gas Deficit Emergency – when there is not enough gas to go round on a cold day. This month we look at another type of gas supply emergency – a Safety Monitors breach – and explore what could happen if the UK suffers an extended period of cold weather.

Read the rest of this article

MJMENERGY CONSULTANCY PUBLISHING TRAINING

# mWELCOME

Hello and welcome to the January issue of **MZINE,** our free monthly e-newsletter.

First and foremost, **MJMEnergy** would like to wish all our **MZINE** readers a very happy and prosperous 2006.

This is the first anniversary issue of **MZINE** and we are very excited at how our readers list has grown over the last 12 months. This month we will be continuing our look at the UK gas supply deficit and how that might effect both the UK and Europe see **MSTORY** for our main article. **MPRICES** looks at the spot Oil Forward Curve, whilst at **MPHASIS** Nick brings an interesting thought that probably was overlooked by the ETS! Don't forget to check out our thought of the month at **MPATHY.**

Our latest list of training courses can be found at **MTRAIN** along with **The Winter Gas Supply/Demand Crunch**, on 31st January. Our lecturers Mike Madden and Nick White along with David Long (from Opra) will be using a combination of presentations, case studies and interactive sessions, to provide an up-to-date coverage of:

- The Forecast/Supply Demand Match: An update on this winter's demand forecast
- What would happen in an emergency? Emergency actions and the Aftermath
- The use of demand-side management: Optimising the Value of Your Gas Supply Contract
- Key factors in gas prices this winter: The Impact of Oil Price Indexation and the Interconnector
- Within Day Trading and Balancing: Prices and Trading
- The Role of LNG – Miracle or Mirage?

For more information download the pdf

**MFEATURE** is a little different this month, be sure to pay it a visit whilst you are having your coffee!

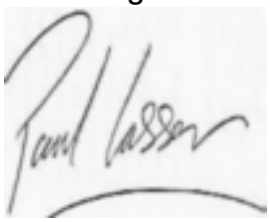
Please feel free to contact me about this newsletter and let me have your thoughts, what you like and don't like, I am open to your suggestions.

And if you have enjoyed reading this newsletter and think you know someone who might also enjoy it then feel free to forward it on.

Any one may sign up for this monthly newsletter, it is free and your details are protected.

**Email:** Go

Kind regards.



Paul Cassar
Editor

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All of our training courses can now earn, participating solicitors, CPD points from the law society. Attendance at any of our events may also contribute to meeting accountancy CPD requirements under the terms of the ICAEW's CPD policy. Please visit www.icaew.co.uk/cpd for the ICAEW's CPD policy details.

Over the **next few months** the following one-day events are being held in **Oxford, UK** and **London, UK.**

More information about these courses can be found by clicking on the course title or visiting energytrainingnetwork.com and clicking on public courses. Alternatively you can contact me by **email** or phone +44 (0) 1235 553917, fax +44 (0) 1235 553917.

Any of our public courses can be held at your location, for your company, or they can be tailor made to your requirements. If you want to find out more contact our Training Manager Nick White nick@mjmenergy.com +44(0) 1235 211161 and get ahead of the rest.

| | | |
|---|---|---|
| January 26th | **An INTRODUCTION to the UK GAS MARKET** | London |
| March 8th | **An INTRODUCTION to the UK GAS MARKET** | Oxford |
| March 9th | **An INTRODUCTION to the NETWORK CODE** | Oxford |
| March 22nd | **Emissions Trading** | Oxford |
| April 5th | **UK Electricity Market** | London |

## OTHER DATES

### The Winter Gas Supply / Demand Crunch

***A one day winter briefing for Analysts, Gas Buyers, Traders and Consultants***

Tuesday 31st January 2006

Institute of Directors, Pall Mall, London

More information download pdf

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Forward Oil Curve

## THE FORWARD CURVE

Plentiful crude supplies, high US crude stocks and rising non-OPEC output are depressing the front end of the WTI forward curve. Nearby months are in steep contango, with prompt barrels trading at a $3/bbl discount to deliveries for next summer. However, colder weather, increasingly bullish forecasts for the global economy and oil demand growth next year, and indications that OPEC might cut production early in 2006 to defend prices, caused longer-term prices to rebound since last month.

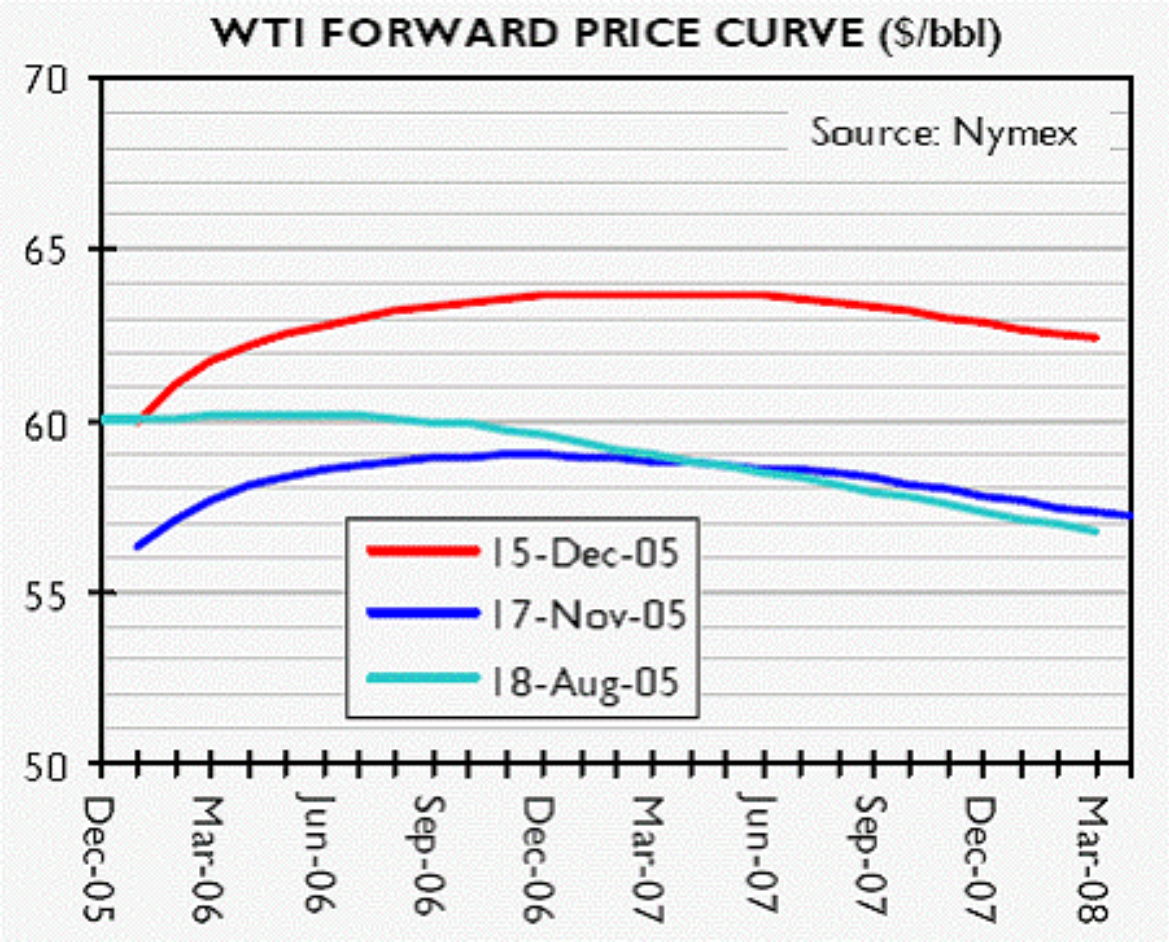
**SWAPS PRICES**

*Period averages at close of business on 15/12/2005*

| $/bbl | 1Q06 | 2Q06 | 3Q06 | 4Q06 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| WTI | 61.84 | 62.87 | 63.41 | 63.66 | 62.94 | 63.36 | 61.70 |

*Source: Intercapital Commodity Swaps Ltd.*

Longer-term prices for the next three years are back above $60/bbl, as the market expects that downstream bottlenecks will continue to exert upward pressure on prices. While upstream constraints look likely to ease next year, as new OPEC and non-OPEC production capacity comes on stream, rising demand will keep tankers, refineries and storage capacity fully stretched. Calendar 2006 WTI is just under $63/bbl – equivalent to $61.5/bbl for Brent and nearly $57/bbl for the new OPEC basket of crudes.




*CGES Monthly Oil Report, 15 December 2005* www.cges.co.uk

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# mPHASIS!

for the lighter side of life!

"and the crowd are spontaneously applauding

"and the crowd are spontaneously applauding the impressive display, blissfully unaware that it has exhausted the UK's entire carbon allowance for 2006!"

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mPATHY

thought of the month

**Wisdom is the principal thing; therefore get wisdom: and with all your getting get understanding.**
**Proverbs 4:7**

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this month's exciting offers!

As a special thank you to all our readers we would like to offer you this **free Conversion chart** which you can print off and carry with you wherever you go.
Download pdf

**LNG Today:***2004 edition*
As relevant today as the day it was written, this timely report is on offer to MZINE readers for £400. Just type **MZINE** in the 'notice to us box' to claim your discount!
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mFEATURE

## INDIAN WINTER

It was October, and the Indians on a remote reservation asked their new Chief if the coming winter was going to be cold or mild. Since he was a Chief in a modern society, he had never been taught the old secrets. When he looked at the sky, he couldn't tell what the winter was going to be like. Nevertheless, to be on the safe side, he told his tribe that the winter was indeed going to be cold and that the members of the village should collect firewood to be prepared.

But being a practical leader, after several days he got an idea. He went to the phone booth, called the National Weather Service and asked, "Is the coming winter going to be cold?"

"It looks like this winter is going to be quite cold," the meteorologist at the weather service responded. So the Chief went back to his people and told them to collect even more firewood in order to be prepared.

A week later he called the National Weather Service again. "Does it still look like it is going to be a very cold winter?"

"Yes," the man at National weather Service again replied, "it's going to be a very cold winter." The Chief again went back to his people and ordered them to collect every scrap of firewood they could find.

Two weeks later the Chief called the National Weather Service gain." Are you absolutely sure that the winter is going to be very cold?"

"Absolutely," the man replied. "It's looking more and more like it is going to be one of the coldest winters ever."

"How can you be so sure?" the Chief asked.

The weatherman replied, "The Indians are collecting firewood like crazy."

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