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Centrica secures its first LNG delivery into the UK from Qatar

Centrica CEO Sam Laidlaw, accompanying Prime Minister Gordon Brown and other British CEOs on a trade delegation to Qatar, has today outlined the important role Qatar will play in supplying liquefied natural gas (LNG) into the UK in the future, as Britain's indigenous supplies continue to decline.

Underlining this, Centrica, the owner of British Gas, announced it is to import its first shipment of LNG into the UK. The cargo was purchased from RasGas Company Limited (RasGas), the Qatari LNG producer and will be delivered in November 2008.

The cargo will be the UK's largest ever LNG delivery. It will be used in the commissioning of the Phase 2 expansion of the Isle of Grain LNG import terminal in Kent. The terminal is owned by National Grid with Centrica owning rights to import 3.4 billion cubic metres of gas each year for the next 20 years.

RasGas will use one of the new generation of high capacity Q-Flex super-tankers, the *Al Khuwair*. It is among the world's largest LNG carriers and the largest gas vessel to call at a British port.

The tanker will deliver up to 50 million therms of gas, enough to supply around 4.5 million British Gas customers' homes for a week. This volume represents around 35% of total UK demand on an average winter day.

Sam Laidlaw, chief executive of Centrica, said: "LNG will play an increasingly important role in maintaining supplies for British Gas customers as North Sea production declines. Our relationship with Qatar is of particular importance and we look forward to building much closer ties over the coming years.

"I'm delighted that we have secured this important initial shipment, working in partnership with RasGas. Our capacity at Isle of Grain is just one of many strategic investments Centrica is making in new gas and power assets to secure the UK's future energy needs.

"The commissioning of our capacity at Isle of Grain is not only important for us at Centrica, it is a key strategic gateway through which we and the UK can access natural gas "

Qatar, which has the world's third biggest gas reserves, is set to be a major source of gas supply for the UK, which is becoming rapidly more reliant on imported gas. This year the UK will import 40% of its gas demand, rising to 75% by 2015. LNG is expected to grow to 28% of UK total supply by 2017, according to National Grid's 2008 forecast.

Centrica also has the rights to a further 2.4bcm of annual capacity under a 19 year contract at the third phase of the Isle of Grain, due to be available from 2010-11. This will mean almost 30% of the terminal's total capacity will be available to supply British Gas customers from that

time and overall the Isle of Grain will then be capable of supplying 20% of UK annual demand.

Ends

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Notes to editors:

Centrica secured 3.4bcm of annual capacity in the second phase of Isle of Grain under an agreement with National Grid in March 2005. The additional 2.4bcm in the third phase was secured under a further agreement in May 2007.

Liquefied natural gas consists of natural gas which is supercooled in its source country to minus 160 degrees Centigrade, at which point it becomes liquid and its volume shrinks to one 600th of its gaseous form. It is then transported to its destination by tanker and regasified.

RasGas Company Limited is owned by Qatar Petroleum and ExxonMobil RasGas Inc. RasGas operates production facilities to treat, liquefy and export LNG to countries across Asia, Europe and USA. Based in Ras Laffan, Qatar, RasGas currently produces over 20 million metric tonnes of LNG per year (Mta) with five trains in operation. It is expected that this production will be approximately 37 Mta by the end of the decade, with the completion of seven operational trains.

The Q-Flex super-tanker, *Al Khuwair* is operated by Teekay Shipping, Glasgow.

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