

## U.K. Gas Prices Jump to Seven-Year High as Belgian Supplies Halt 2013-03-22 11:25:39.65 GMT

By Matthew Brown

March 22 (Bloomberg) -- U.K. natural gas surged to its highest price in seven years as imports from Belgium equivalent to almost one quarter of the nation's demand halted and storage levels dropped to a record.

Gas for today jumped as much as 54 percent, reaching the highest level since March 17, 2006, according to broker data compiled by Bloomberg. Flows through the pipeline from Zeebrugge to Bacton on the east coast of England halted at about 7 a.m. London time after earlier today reaching a record 79 million cubic meters a day, National Grid Plc data show.

The U.K. has become increasingly dependent on imported gas as indigenous production from the North Sea slumped in recent years and the price of liquefied natural gas, or LNG, shipments traded near a record high. Norway was the source of an unprecedented 48 percent of Britain's gas on Dec. 26, data from network operators Gassco AS and National Grid Plc show.

"We are more vulnerable to these types of events than were five years ago," Patrick Heather, senior research fellow at The Oxford Institute for Energy Studies, said in a telephone interview. "Something as important as the interconnector is always going to have an impact on prices. With demand at the level it is today, I don't think the U.K. is going to run out of gas."

Gas for today reached 150 pence a therm, before trading at 115 pence a therm at 11:21 a.m. The next-week contract added 37 percent to 135 pence a therm, also a seven-year high, before paring its advance to 105 pence. Month-ahead gas climbed 1.9 percent to 71.1 pence a therm.

### Boiler Fault

The pipeline into Europe's biggest market halted because of a water pump failure at the boiler house in Bacton, where gas is heated before it enters the U.K. grid, according to Interconnector Ltd.

"We are working hard to establish full capacity, but it is unlikely to be available before late afternoon," the company said in an e-mailed statement. More information will be made available at noon, it said.

Inventories at Rough, the U.K.'s largest gas-storage facility, fell to an all-time low of 2,684 gigawatt-hours yesterday. The site is unable to flow at full capacity because of falling pressure, it said on March 19.

Withdrawals from Rough were at a rate of 17 million cubic meters a day after dropping to zero at about 5:45 a.m., National Grid data show.

SSE Plc said its Aldbrough gas storage site will be halted from tomorrow through March 28 for maintenance, cutting supply by about 11 million cubic meters a day, according to a statement on its website.

The mean temperature in the U.K. will be 0.3 degrees Celsius (33 Fahrenheit) next week, the lowest average for the time of year for at least 10 years, according to MetraWeather data on Bloomberg using the ECMWF model.

## LNG Shipments

Demand in the 24 hours to 6 a.m. tomorrow is predicted at 329 million cubic meters compared with a seasonal normal of 271 million, grid data show. Total flows were at 305 million cubic meters a day, after falling to 263 million earlier today.

Supply from Norway, the U.K.'s biggest source of imported gas, was at 131 million cubic meters a day after reaching 135 million yesterday, the most since Feb. 7, Gassco AS data show. Norway has supplied an average of 108 million cubic meters a day this year, the data show.

LNG tankers with a total capacity of 5.5 million cubic meters (3.1 billion cubic meters of gas) arrived in the U.K. in the five months through February, according to data compiled by Bloomberg. That's down 53 percent from the same period a year earlier. Three tankers with capacity of 734,126 cubic meters of LNG are scheduled to arrive through March 29.

LNG for delivery in four to eight weeks in Northeast Asia cost \$16 a million Btu on March 18, after reaching a record \$19.40 on Feb. 4, according to assessments by New York-based World Gas Intelligence.

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