

# Storage National Report

## **1. Background information on storage in your country**

The Polish Oil and Gas Company (POGC) - as the sole owner - has six active underground gas storage facilities with total working capacity of 1,62 bcm (technical data – see enclosed table). The role of gas storages in the Polish gas system is to secure deliveries for the customers, specifically by balancing the gas system and ensuring the continuity of supply in the periods of peak demand while providing the security of supply. The storage facilities accommodate the excess gas volumes from the system during the summer season and provide supplementary gas volumes to the system in the winter season.

On 3 May 2005 a new legislation providing the TPA rule in the field of storage services entered into force. The amended act also imposed an obligation on entities conducting a trade in gas with foreign countries to maintain gas reserves in the amount of 3 % of planned yearly imports. It is aimed at mitigating the consequences of unforeseen events. Therefore all entities taking up an activity in the field of import of gas are obliged to purchase storage services.

The act also authorized the Minister of the Economy to determine in secondary legislation specific terms and conditions of functioning of the gas sector. This ordinance has not been drafted so far and therefore the conditions referring to the use of storage capacities are not defined in detail at this stage.

The President of ERO has the below specified competences in the field of gas storage:

- granting licenses for storage activities,
- approving tariffs for storage activities,
- nominating Storage System Operators,
- approving the part of Grid Code of TSO related to system balancing and congestion management. (Although that part is prepared by the TSO it presumably should deal with issues of storage).

The Minister of the Economy has competences to determine specific terms of functioning of the gas sector including the area of storage. It could be accomplished by issuing the relevant ordinance. The ordinance has not been drafted so far. The

Energy Law indicates that it should contain inter alia conditions of providing storage services.

The Minister of the Economy has competences to determine the pricing methodology for storage services. It should be done through issuing the relevant ordinance.

## **2. Effective implementation of the GGPSSO**

### *Roles and responsibilities of Storage System Operators*

On the 1<sup>st</sup> February 2006, POGC was granted a license for storage activities. The company, however, does not yet have the status of Storage System Operator, as specified in the Energy Law. POGC has contracts for "gas delivery to the client gate", it does not provide storage services on the basis of separate contracts. Currently, the preparatory works necessary to establish an internal division responsible for storage are done. The company is also working on storage code and standard storage contract.

### *Necessary TPA services*

The amendment of Energy Law that entered into force on 3 May 2005 contains a provision enabling the exclusion of storage capacities that are assigned to the purposes of production activities and of the TSO. The detailed way of fulfilling this provision is to be defined in the ordinance of the Minister of the Economy. The ordinance is to indicate entities responsible for decisions in respect to storage facilities and the roles of those entities.

The role of the ERO as well as other entities will be also defined in the above mentioned ordinance concerning specific terms of functioning of the gas sector. However, designing the list of services offered by the SSO should comply with the regulatory framework of the ordinance on gas tariffs. The provisions of present ordinance on gas tariffs seem to be rigid thus not allowing to define storage services. Defining the list of services should be accomplished through the change of the ordinance on tariffs. The Minister of Economy is responsible in this field and the ERO could play only a supportive role.

### **3. Need for other measures beyond the GGPSSO**

Owing to a very preliminary stage of implementation of storage services separated from sales it is not possible at this moment to assess whether measures included in GGPSSO are sufficient or not.

Firstly a relevant ordinance should be issued and a grid code should be adopted. Those two documents are supposed to have a decisive role in supporting the implementation of GGPSSO.

Note: Other answers for point 2:

2.2.3

As mentioned, the President of ERO has the sole competences in approving tariffs for storage activities.

As mentioned, the Minister of the Economy is responsible for defining the pricing methodologies in regard to gas storage.

2.2.4

not relevant (the service is not provided yet).

2.3.1, 2.3.2, 2.3.3, 2.4.1, 2.4.2, 2.4.3

not relevant (mentioned arrangements have not been prepared so far).

2.5.1, 2.5.2, 2.6

not relevant (the storage service is not provided at this stage).