

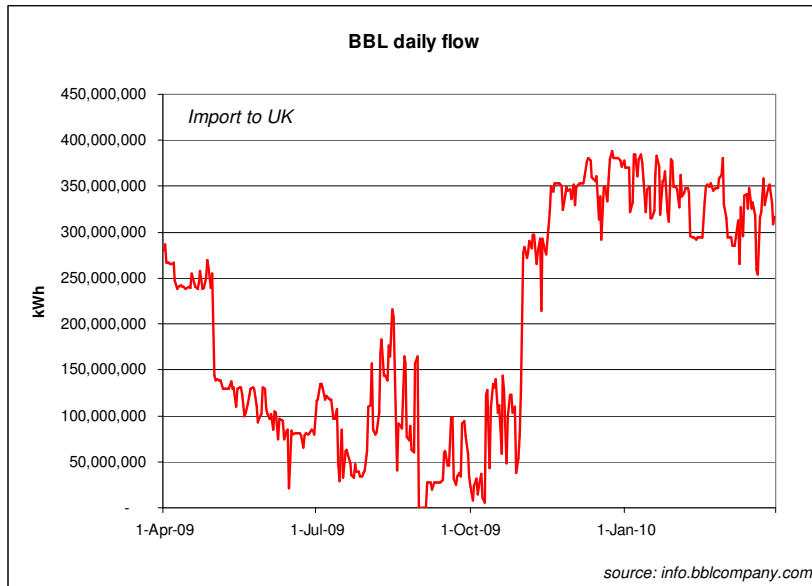
EFET views on Gas Storage GGPSSO

Robert Cross – EFET Gas Storage sub group

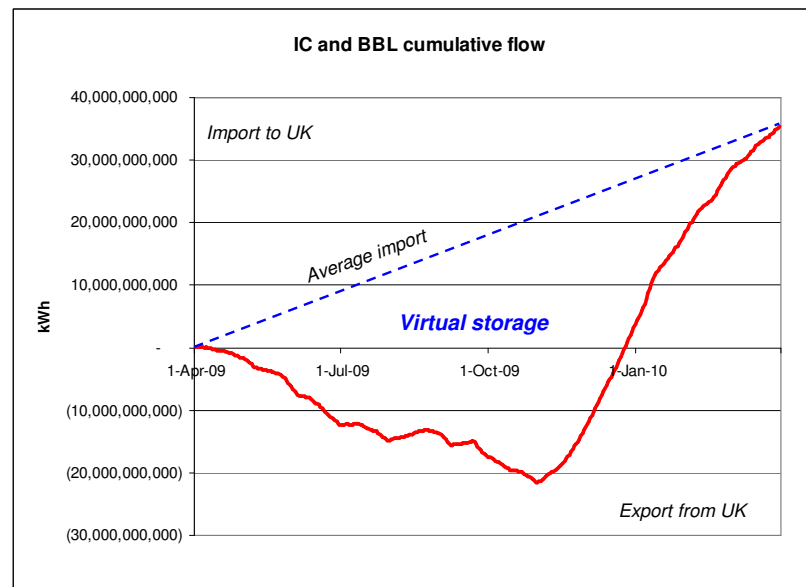
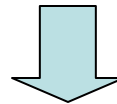
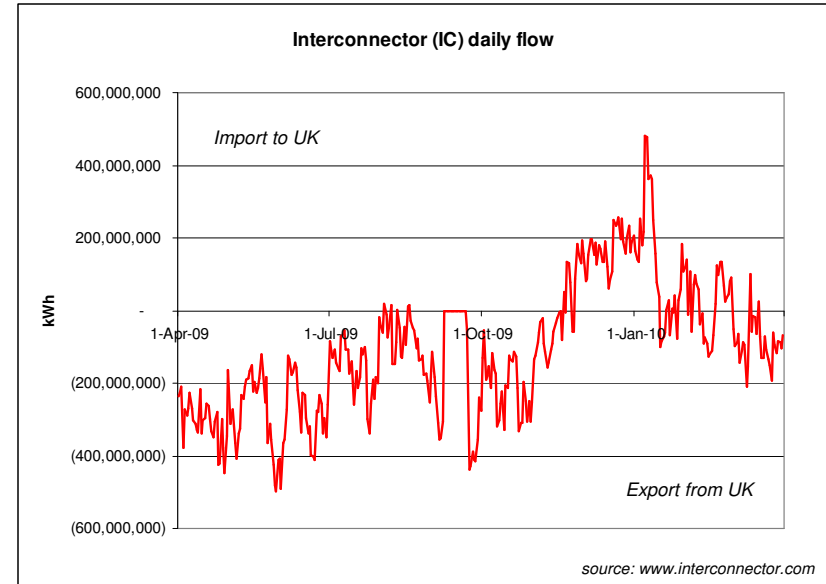
EFET position on Gas storage

- Storage can be one of many flexibility tools available to the market
- Regulators should focus on ensuring that all forms of flexibility can compete on a level playing field
- The ultimate objective should be no regulation of storage access beyond general competition rules and necessary transparency requirements. This will require
 - Industry restructuring and network interconnections effectively to broadened the market for storage and/or flexibility in general;
 - Network users to have non-discriminatory access to sufficient alternative sources of flexibility in the same balancing zone;
 - storage companies having complete choice in providing access to network users based on price and market signals.

Interconnector and BBL pipeline provide virtual gas storage to UK

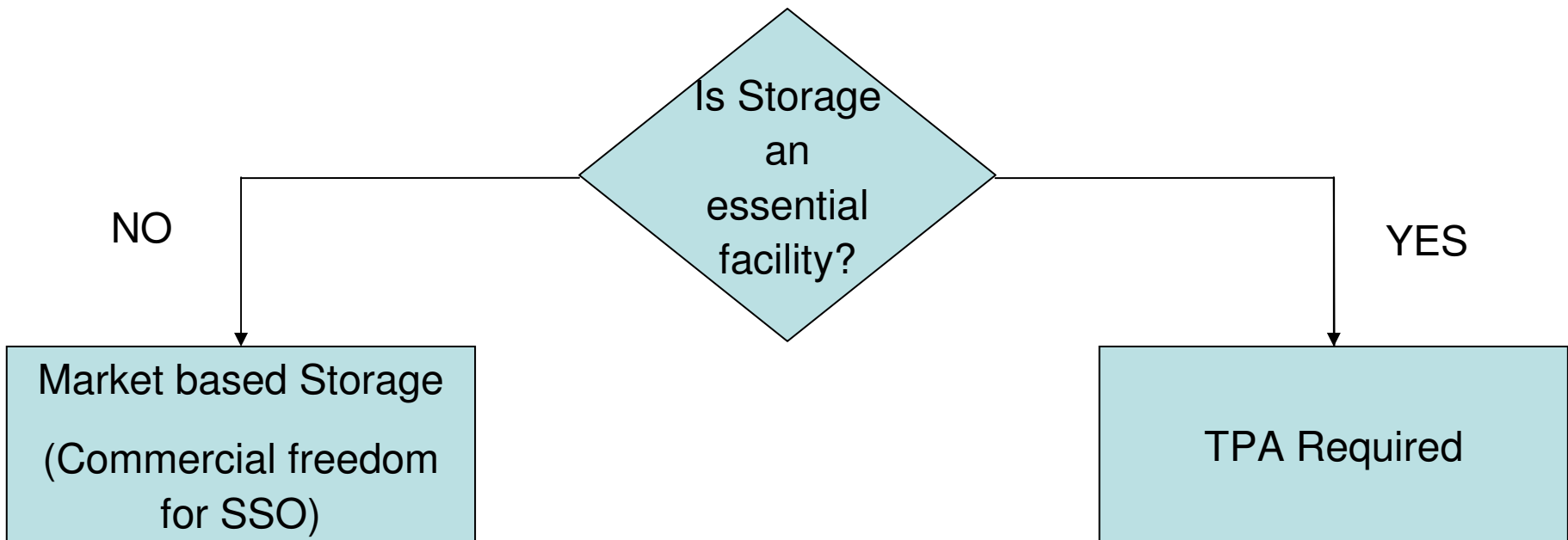


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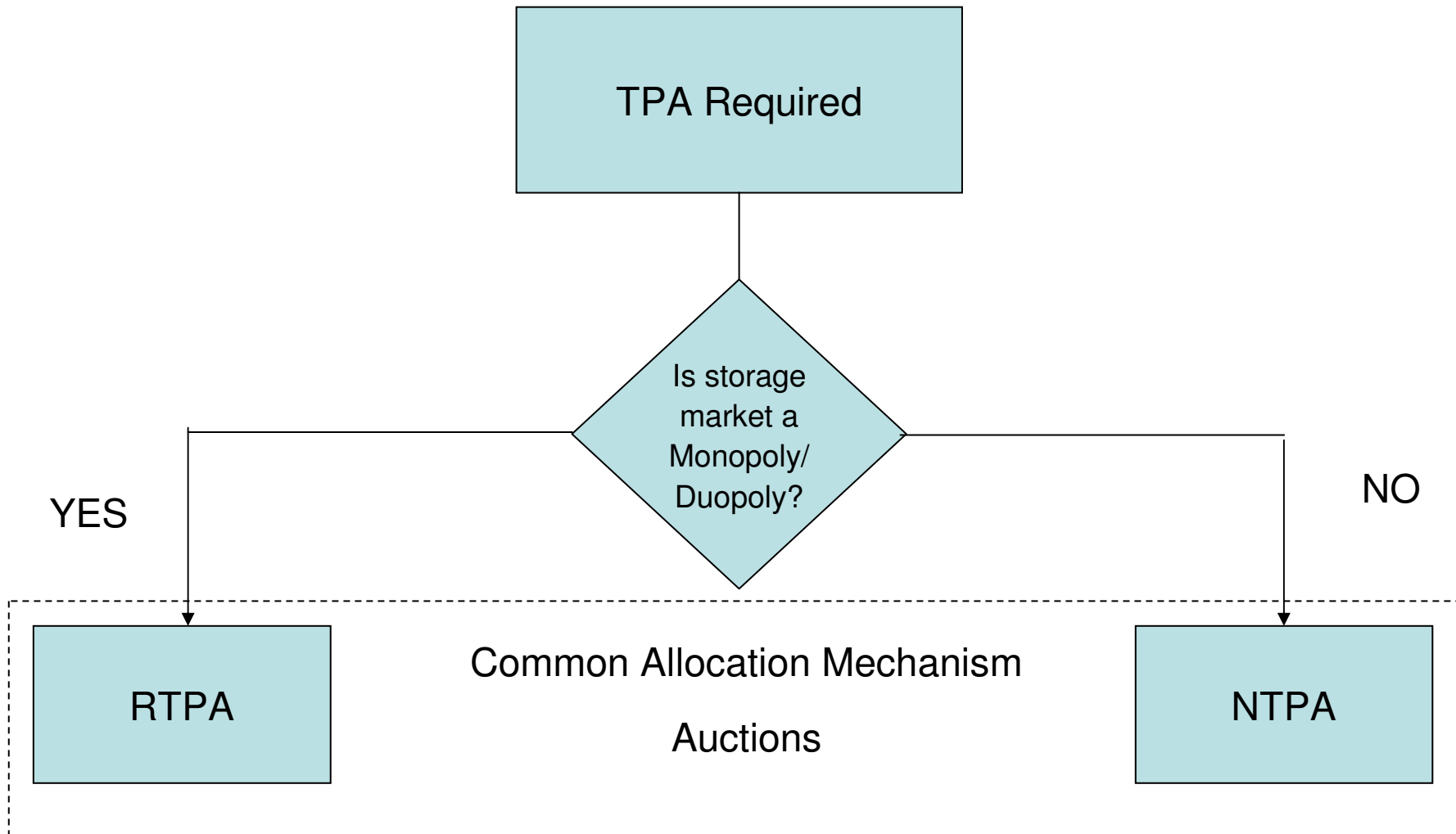


How to determine the storage regime-1

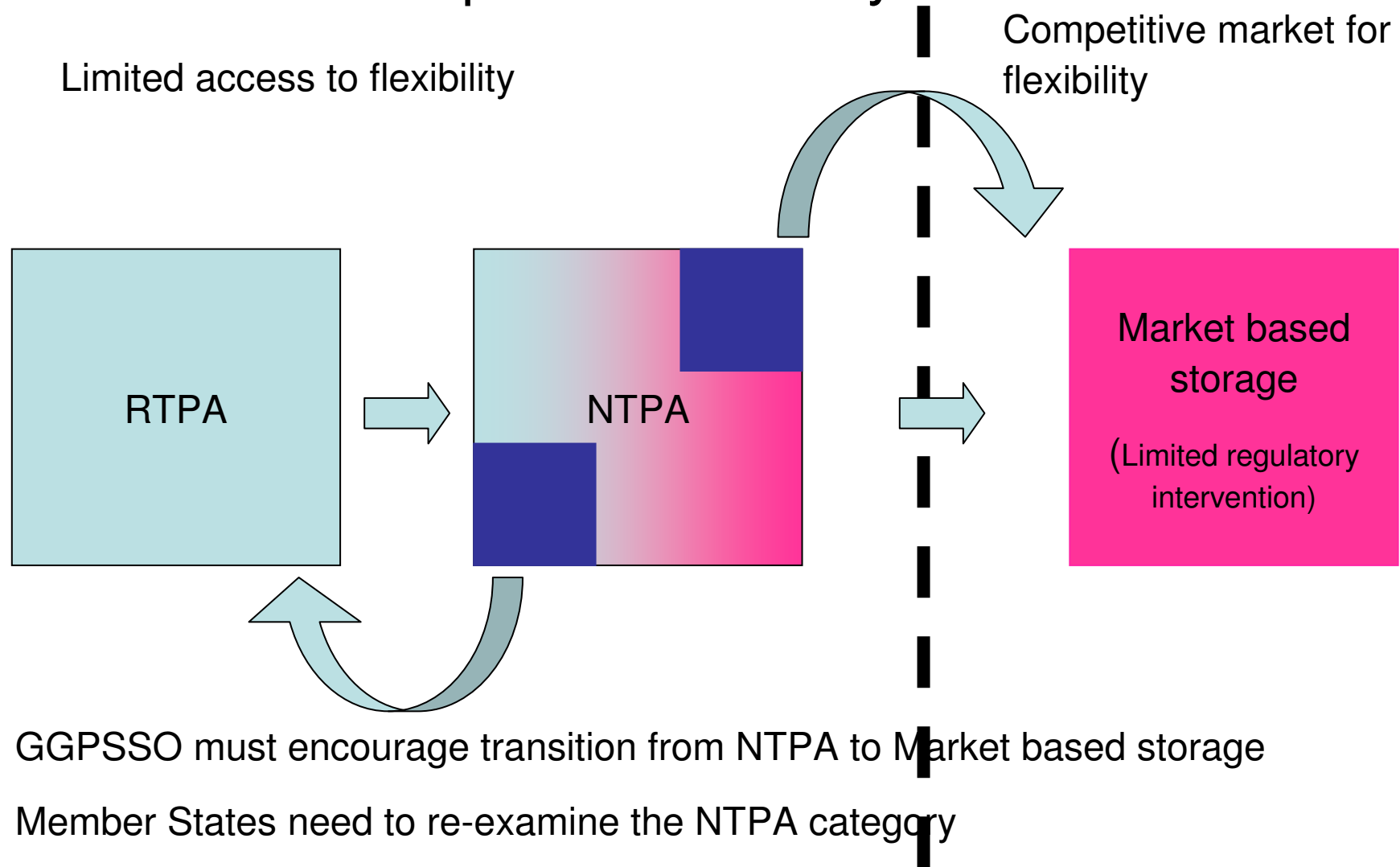
National assessment of the flexibility market



How to determine the storage regime-2



Rules need to encourage the development of competitive flexibility services



Capacity Allocation Mechanisms

- More is needed in some markets and auctions can help here
- Yet applying common denominator across all markets may over burden developments
- Focus should be on enabling gas markets to function and flexibility will be priced from this.

Other allocation mechanisms

- Capacity Goes With Customer
 - Agree with ERGEG that this stifles competition
 - Should focus on removing them

Congestion Management Procedures

- These are difficult to design for storage
- Focus should be on consistent products
 - User unbundling of services
 - Standard definition of units
 - Based on balancing period for capacity
- If gas market is working and products well defined need for complex UIOLI regime should be minimal

Conclusions

- NRA's need to assess the market for flexibility and define if storage facilities are essential to the market
- NTPA needs to be revisited
- Further guidelines need to be considered in this light or risk damaging new markets in order to bring enforcement.