

## Citizens' Q&A

### Barriers for storage product development

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#### **1 What is gas storage product development?**

Gas storage facilities allow market participants to inject gas from the transportation system at periods of low demand, store it, and then withdraw it at period of high demand. Storage capacity is typically sold as a bundled unit of injection, space and withdrawal. Storage system operators (SSOs) have also developed a number of new and innovative products in recent years. Gas storage product development focuses on this process of new product development.

Recent CEER documents and the European Commission's 2016 storage and LNG strategy have emphasised the importance of European SSOs being able to innovate and develop new products to meet the requirements of market participants and compete on a level playing field with other sources of flexibility.

#### **2 What does the report propose for gas storage product development?**

Based on the results of the survey of SSOs and wider engagement with relevant market participants, CEER has not identified any pan-European barriers to storage product development. Our findings indicate that where in a few cases barriers do exist, these primarily relate to specific market conditions and national implementation of European storage regulation.

Our review of product availability across Europe provides evidence of some SSOs already proactively responding to changing market demand with innovative products. However, there is also evidence of unmet demand for certain new products; availability of different products varies widely across Europe.

CEER recommends that the barriers identified are addressed on a case-by-case basis between the relevant NRA, SSOs and market participants. SSOs should develop clear proposals to NRAs where they consider product development to be unduly restricted by the regulatory framework.

#### **3 How does it work?**

The analysis in this report is based primarily on responses to a CEER questionnaire sent to Gas Storage Europe (GSE) members in December 2015 and wider stakeholder engagement.

CEER provides analysis and makes recommendations in a number of important areas affecting gas storage product development. These include technical limitations, transmission tariffs and access to the network, prohibition of certain activities, storage obligations and the regulatory framework for product development.

**4 Why is this important for energy customers? What is the impact on energy customers?**

CEER believes that functioning wholesale markets can deliver the best outcomes for customers. Gas storage is a key component of European wholesale markets. Promoting flexible and innovative gas storage markets that ensure an efficient use of storage capacity in Europe, including across borders, should ensure that European storage markets are working in the interests of consumers.