



Gas Storage Europe

Gas storage regulation: is it the right way to secure investments and market flexibility ?

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GSE Vice-President &

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SMi Gas Storage

London, 30 June 2008

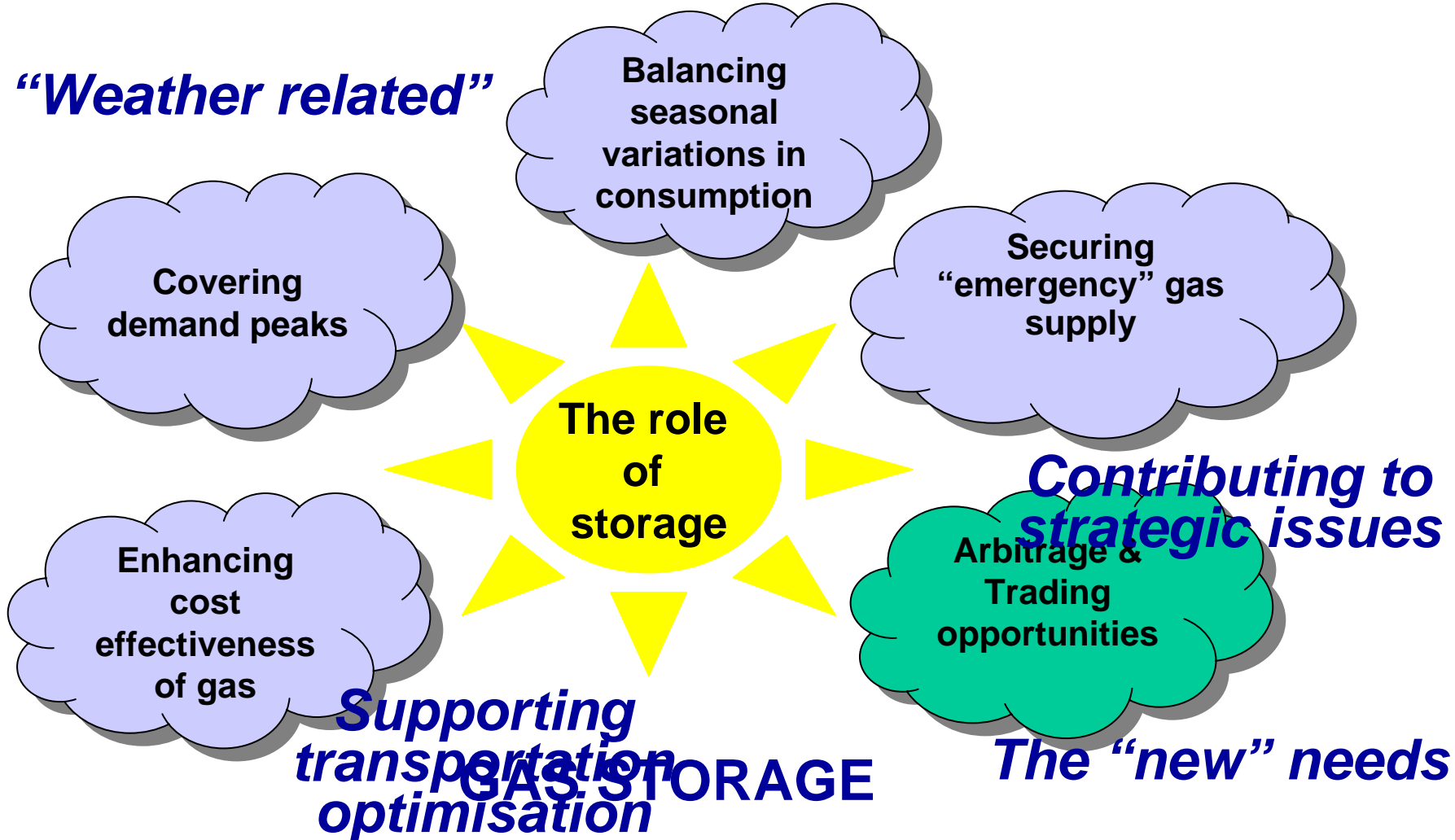
Agenda

- **The “ever-changing” role of storage**
- **Regulatory framework evolution: GSE views and actions**
- **Investments: what SSOs (and other stakeholders) need**
- **GGPSSO as a means to really meet stakeholders’ goals**
- **GSE key messages**



The “ever-changing” role of storage

“Weather related”



IS “SECURE FLEXIBILITY” FOR THE MARKET!

Regulatory evolution: GSE views

	nTPA	rTPA	TPA Exemption
Principles	Transparency and non-discrimination		Ex-ante requirements for granting exemptions
Soft regulatory requirements	EREG guidelines for good TPA practices (GGPSSO)		
Role of regulatory authorities	Monitors the access terms applied and the capacity allocation mechanisms	Sets/monitors the access terms, the capacity allocation mechanisms, fix the access tariffs and the rate of return	Make/support the decision of granting or not an exemption. Monitoring of possible conditions if exemption granted
Risk	Borne by project sponsor	Borne by customer base	Borne by project sponsor
Investors' interest	Visibility on income and rate of return, favouring investment	Income and visibility depending on the regulatory authority's decisions	Long-term visibility on income, return on investment and use of the facility

Regulatory evolution: GSE actions



Transparency

GGPSSO internal monitoring

Capacity allocation and Congestion management

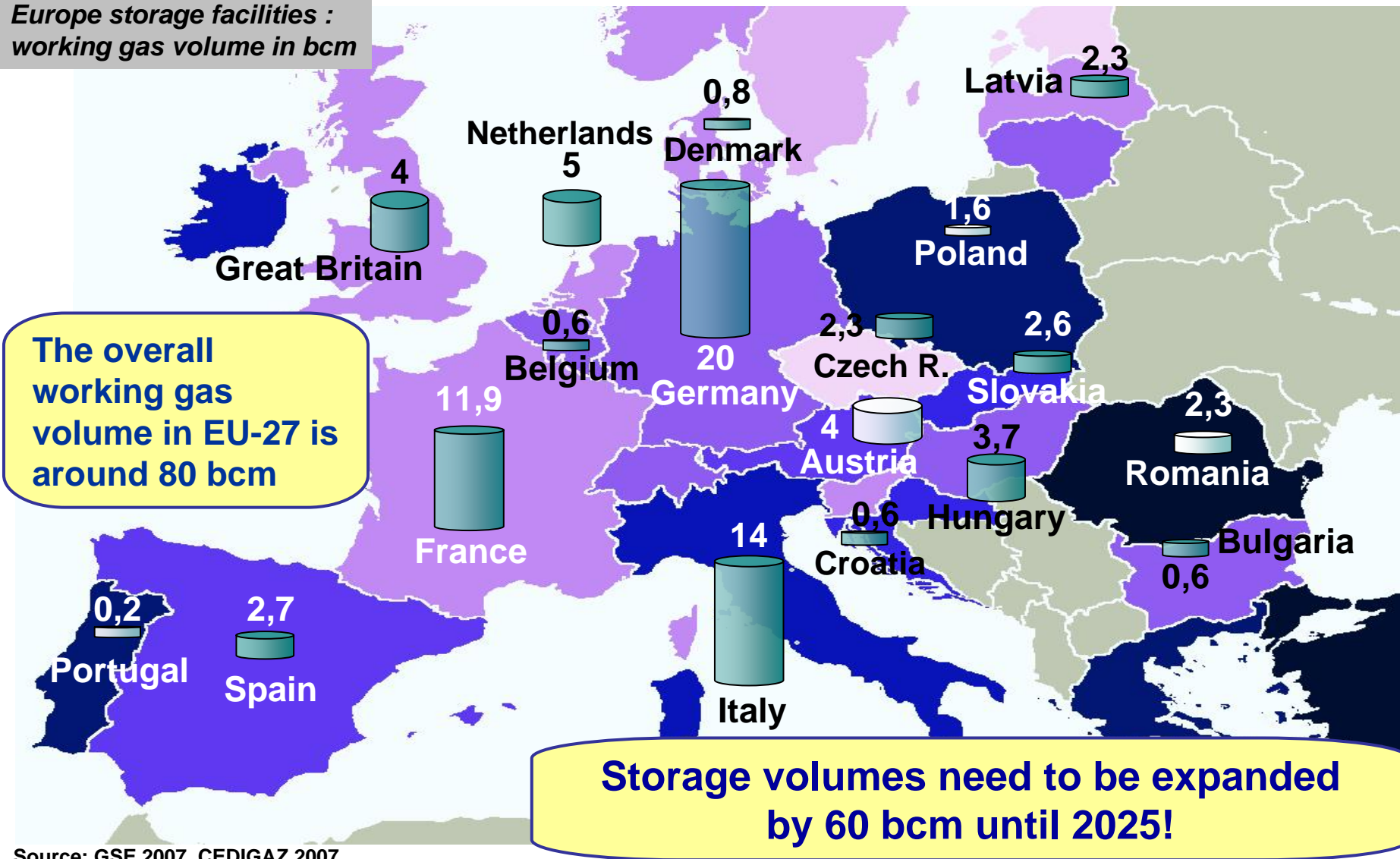
Strategic stocks

Investment DB

To build – with facts – a reputation of being a credible organisation to rely on and to discuss with to foster market development

Investments: where are we going?

Europe storage facilities :
working gas volume in bcm



Investments: what SSOs (and other stakeholders) need

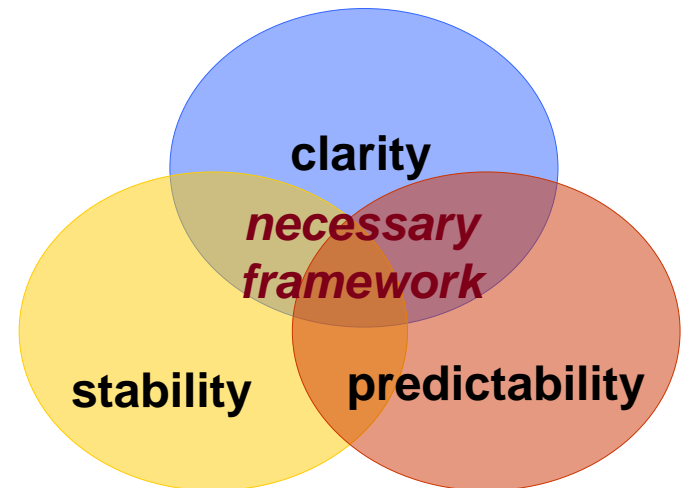
SATISFY USERS' REQUESTS FOR:

- *Non discriminatory and transparent access*

SSOs NEED:

- *Commercial remuneration*

INSTITUTIONS MUST PROVIDE:



Investments: what SSOs (and other stakeholders) need

From GSE Investment Workshop, May 2007:

GSE commitments:

- continue working with all stakeholders to fostering a “*proper*” investment climate for making all **projects real and available for market needs on time**
- **publish on GIE web site a European storage investment database** to provide a synthetic and updated status on projects (based on public information)



Investments: SSOs are responding to market needs

HOME PAGE DATABASE

Legend

- Planned** Project at an early evaluation stage
- Committed** Project evaluated by the company with detailed studies and possibly undergoing planning and permitting stages
- Under Construction** Project already started (procurement and physical operations)

gse
Gas Storage Europe
STORAGE INVESTMENT DATABASE

TOTAL STORAGE CAPACITY ADDITIONS
18772

update image

Country	Company	Name of facility	Type of	Status	Expected Capacity (Mcm WEG)	Expected date	Last Update date	Source	
AUSTRIA	OMV Gas	Schönkirchen Tief	Reservoir	New facility	Planned	9000	By 2015	5 July 2007	GSE file
AUSTRIA	RIAG/Wipac/Gasstrom E	Haidach	Reservoir	New facility	Live	0	June 2007		GSE file

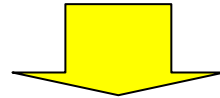
The GSE Investment Database shows that up to 45 Bcm of storage volumes are planned to become available for the market by 2015

... provided that proper investment climate is in place....

FRANCE	Gas de France	Alsace Sud	Salt Cavity	New facility	Planned	180	By 2015	now/07	GSE file
FRANCE	Gas de France	Trois Fontaines	Reservoir	New facility	Committed	80	By 2015	5 July 2007	GSE file
FRANCE	TIGF	Isaule/Louisagnel	Aquifer	Expansion	Planned	240	By 2015	5 July 2007	GSE file

GGPSSO as a means to really meet stakeholders' goals

Transparency and non-discriminatory treatment are to be ensured – as required by Guidelines for Good Practice for Storage System Operators (GGPSSO)



MADRID FORUM, May 2008

GSE launched last March an internal questionnaire on GGPSSO implementation

Results show a very significant degree of implementation

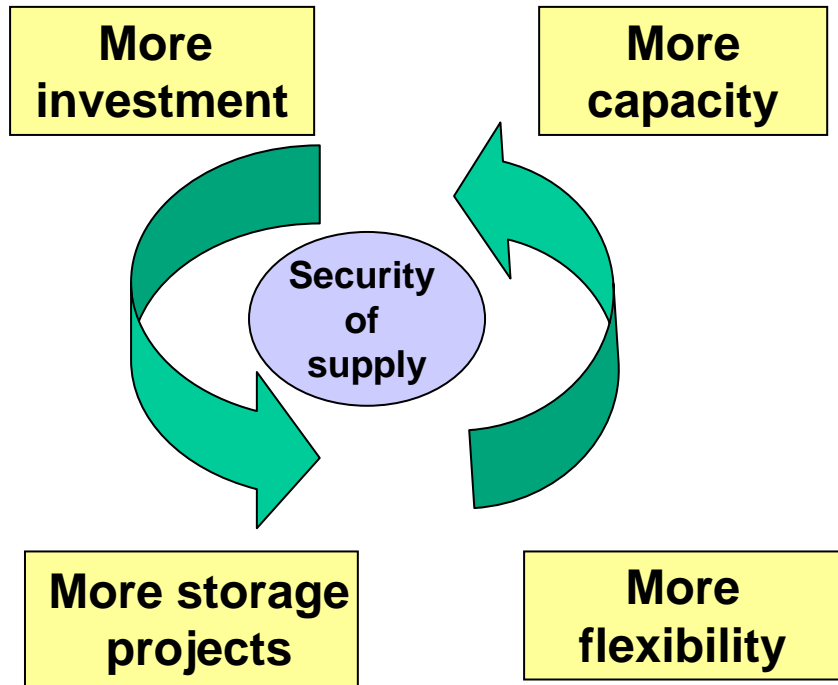
GSE will publish on GIE web site a synthetic paper on results and single responses received

GSE reaffirms its commitment for all members GGPSSO full implementation and compliance (*also trying to involve non GSE members*)

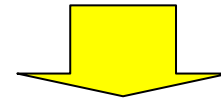
GSE believes GGPSSO full implementation is a right balance between stakeholders' needs and an appropriate investment climate

GGPSSO as a means to really meet stakeholders' goals

Proper & incentive-driven regulatory framework



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MADRID FORUM, May 2008

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GSE Key Messages

Regulatory framework


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...does not believe in unnecessary administrative & regulatory burdens

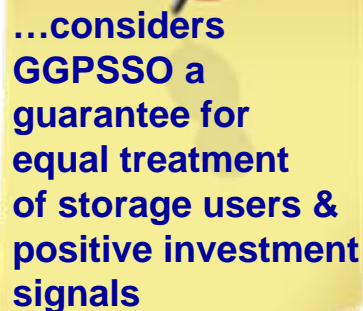
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...believes that binding regulation, if implemented, must remain in the scope of GGPSSO

Access and transparency

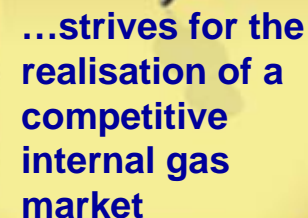
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...reaffirms its commitment to the full implementation of GGPSSO

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...considers GGPSSO a guarantee for equal treatment of storage users & positive investment signals

Market investments

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...strives for the realisation of a competitive internal gas market

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...is committed to promoting a clear & stable investment climate fostering new ventures

Thank you for your attention !

<http://www.gie.eu.com>