



Gas Storage Europe

Future Role of Gas Storage

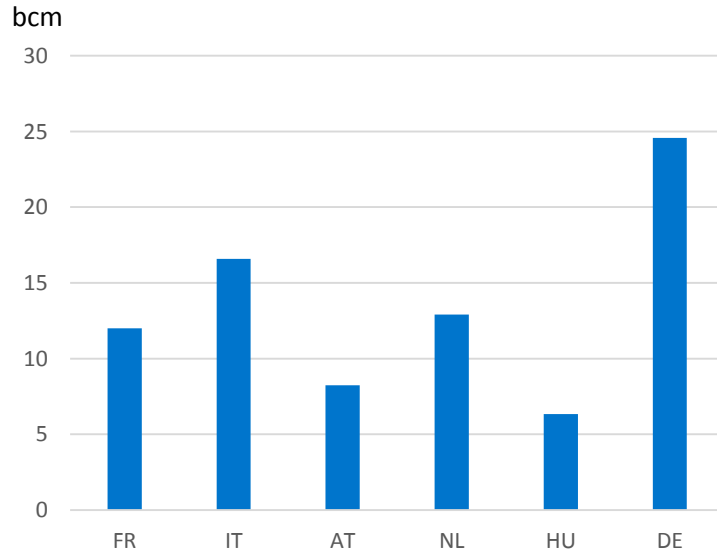
Lubor Veleba, GSE President

Member States' Gas Forum, 17 March 2016

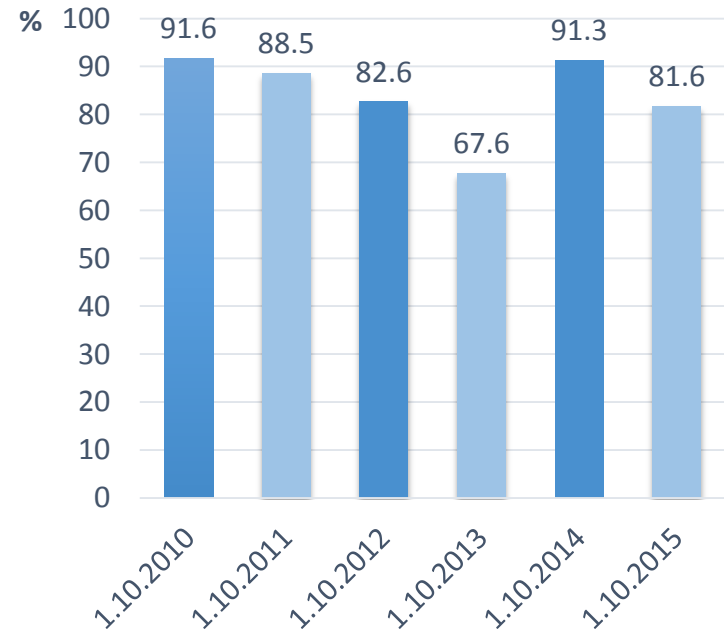
Developed gas storage infrastructure

Existing gas storage infrastructure in excess of 100 bcm in EU is actively used despite low storage prices

Available storage capacity in selected member states



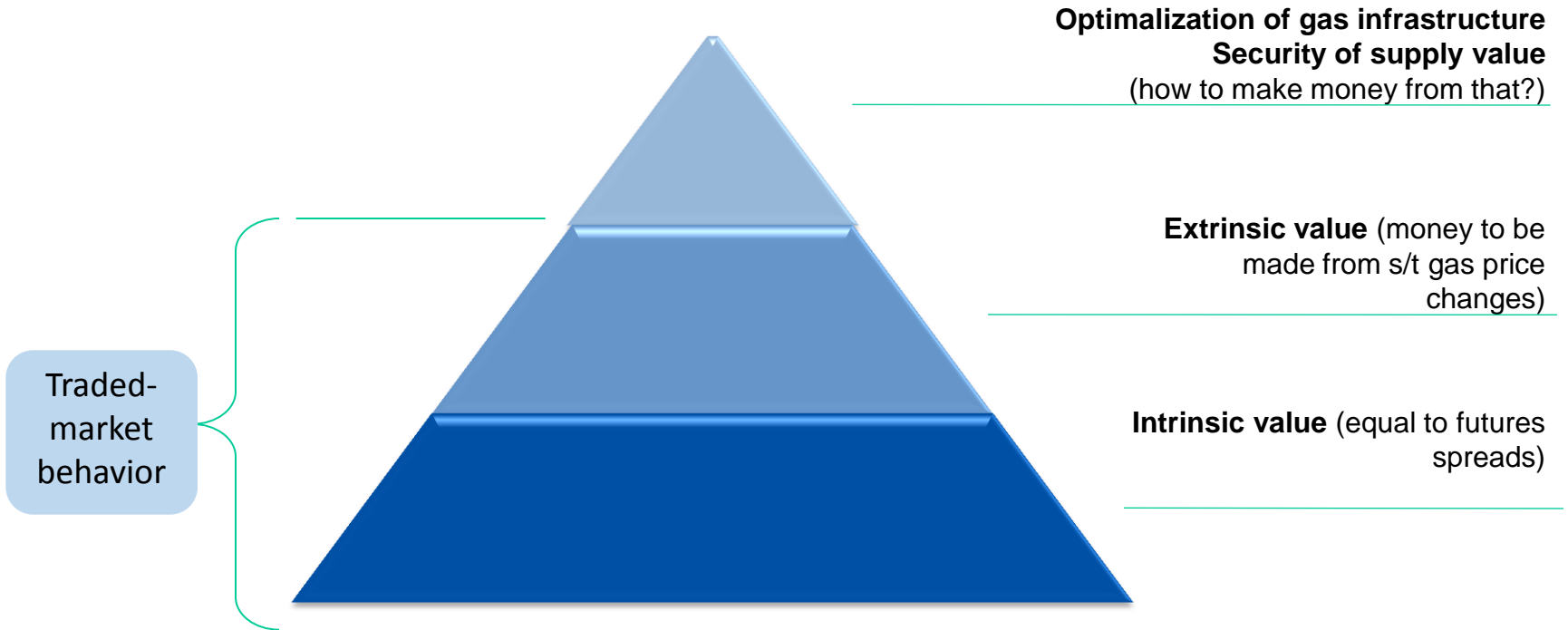
Filling levels in gas storages in the EU (aggregated)



Source: GIE, AGSI+ database

Today, storage is priced based on traded market behaviour

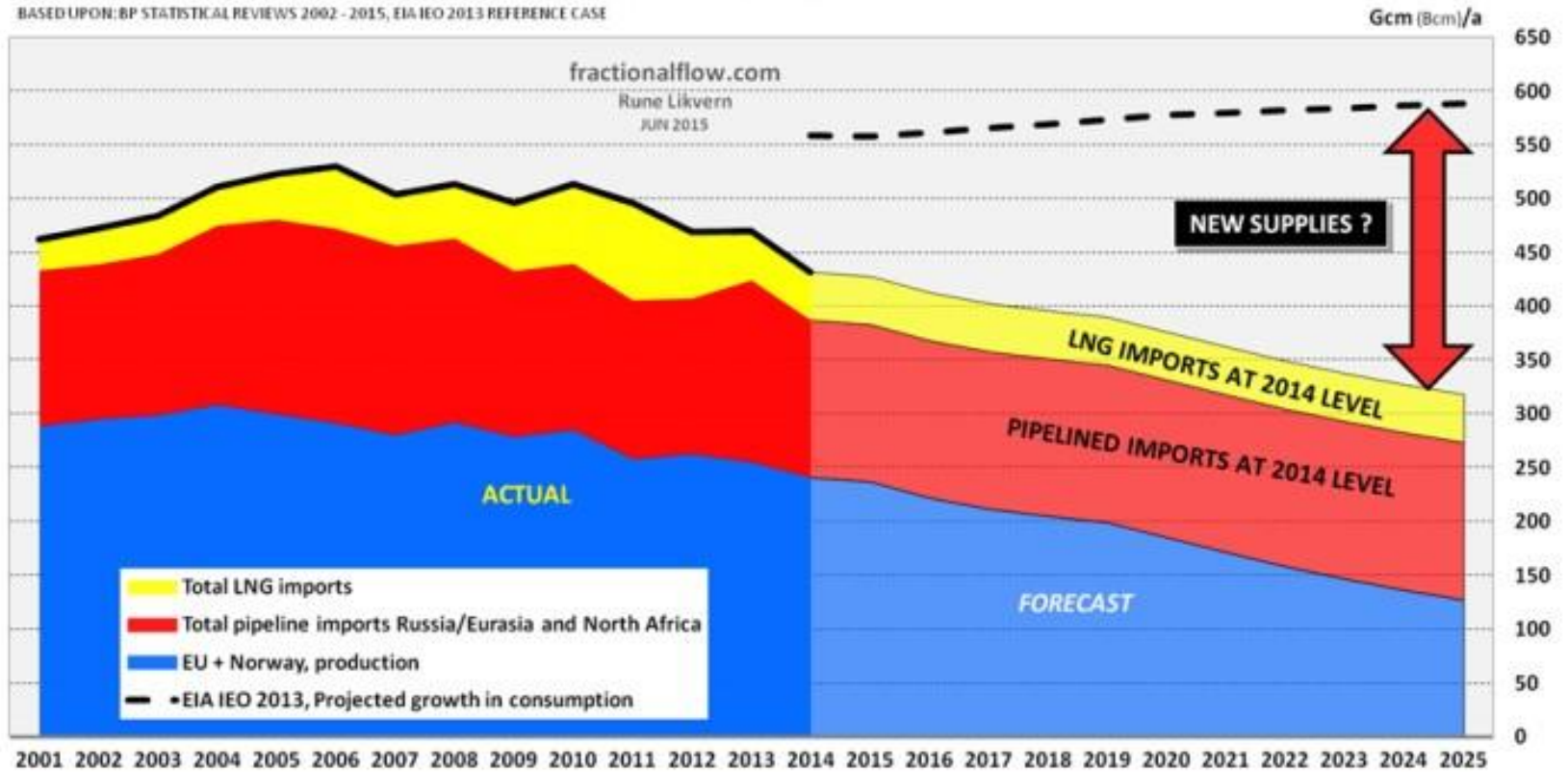
Storage value has three basic components:



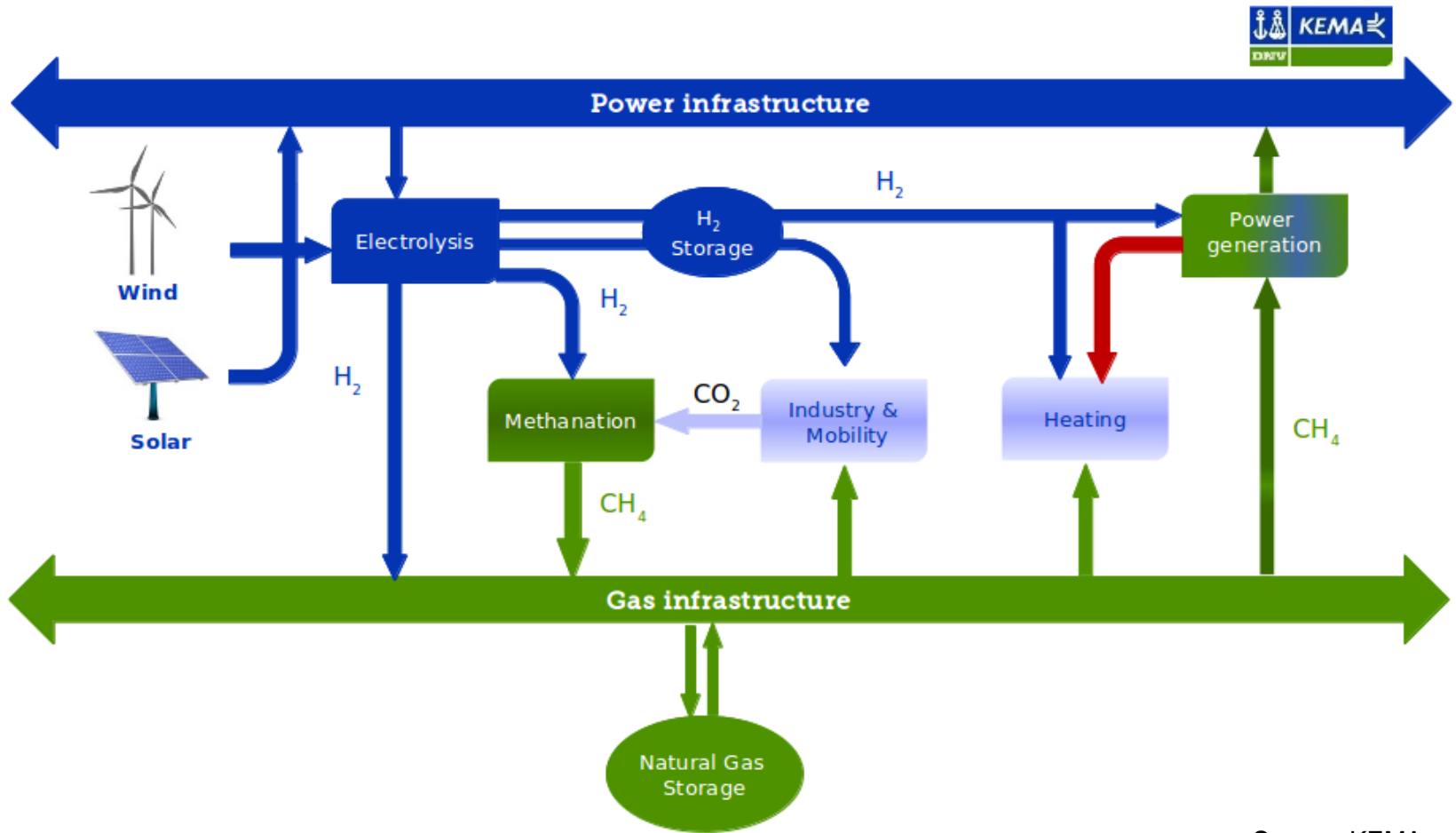
Gas storage replacing declining production in the EU

**EU ACTUAL NAT GAS CONSUMPTION 2001 - 2014
AND FORECAST SUPPLIES AND DEMAND TOWARDS 2025**

BASED UPON: BP STATISTICAL REVIEWS 2002 - 2015, EIA IEO 2013 REFERENCE CASE



Role of gas storage in a future dominated by renewables

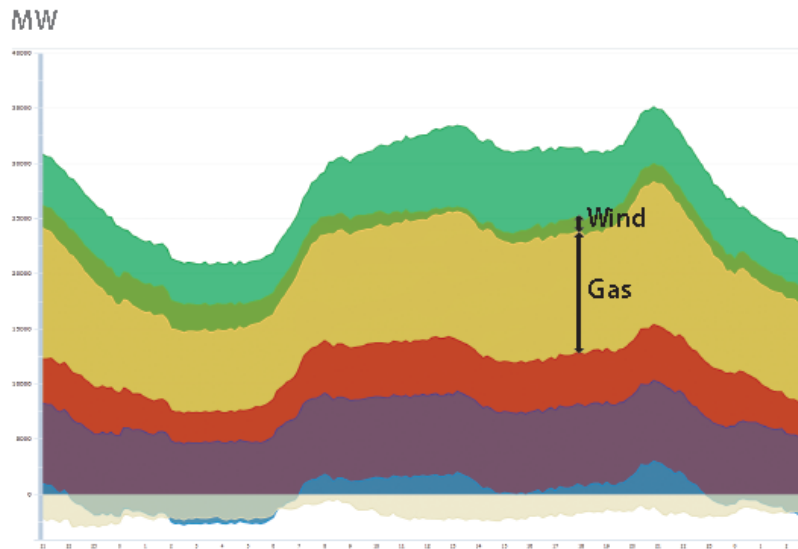


Gas is ready to step in when renewables stand idle

Case scenario: Spanish power generation mix

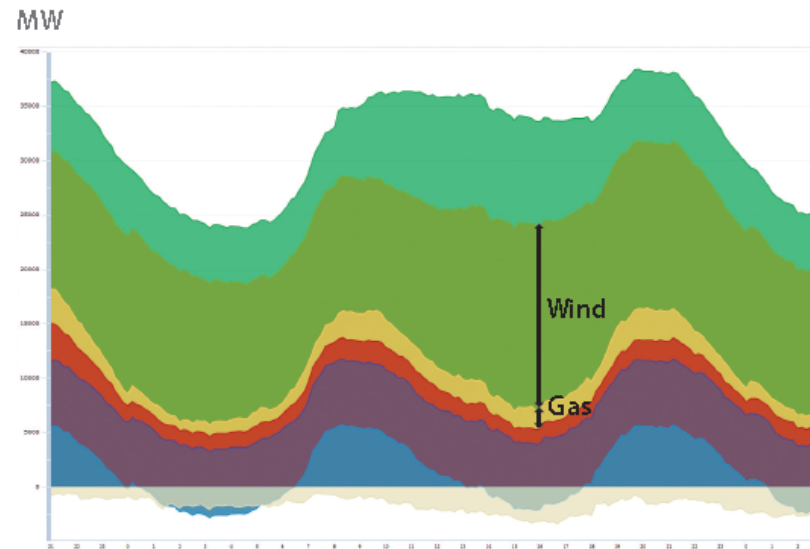
30 September 2010









Wind 1% - 17.45h



6 February 2013

Wind 66.5% - 15:50h

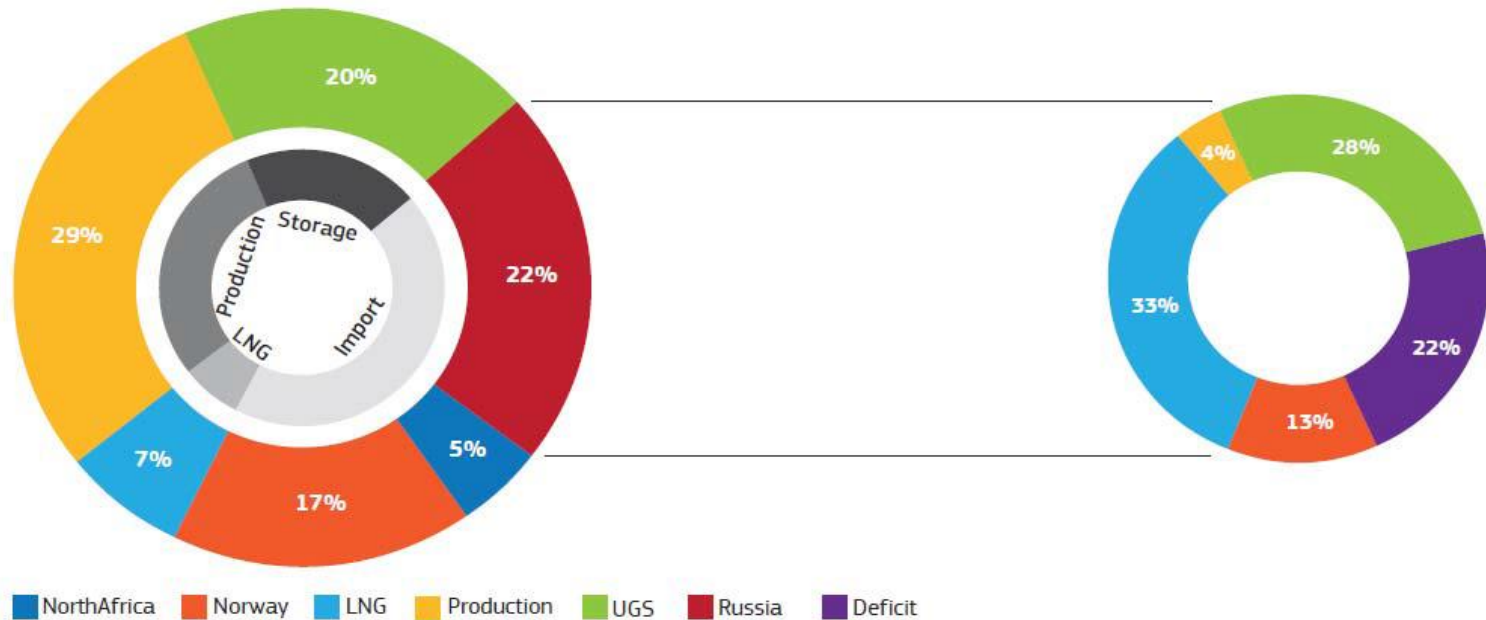


 Interconnection	 Nuclear	 Wind Power	 CCGT
 Hydro-electric	 Coal	 Other	 Fuel/Gas

Source: GIE, Value of Gas Storage, 2014

Gas storage delivers security of supply hand in hand with LNG

European Commission: storage (28%) and LNG (33%) play an important role in case of an interruption of gas supply in the East



Source: European Commission, Stress test communication, 16 October 2014, COM(2014) 654 final, page 5



Gas Storage Europe

Back-Up

Three key factors have helped prevent more closures

1) Legacy long-term contracts

The vast majority of European SSOs still have big long-term contracts from the mid-2000s and these have been only partially marked to market

2) Fear of irreversibility

There is no going back from a closure; many SSOs hope that seasonal spreads will grow eventually and they will make money then

3) Security of Supply

Governments would be foolish to think that liquidity at hubs is the same as having gas underground



Looking for recovery...