



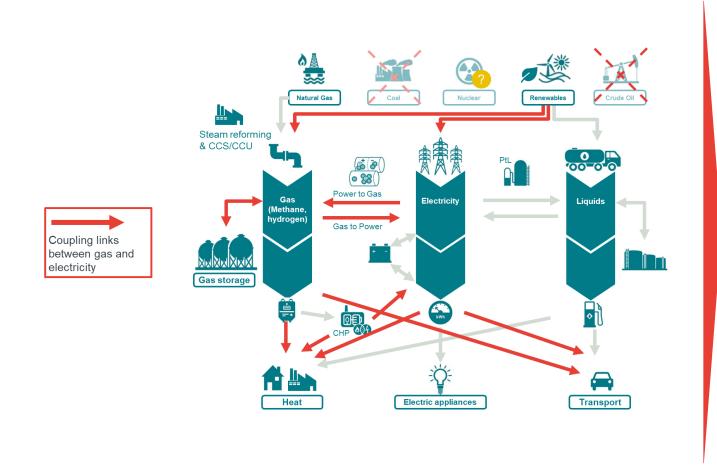
Elaborating concrete European legislative proposals on gas storage

Presentation to GIE workshop

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Gas storage is a key enabler of sector integration, providing value across the energy system as it decarbonises...



Market value

Arbitrage across different timescales –reduced costs of importing/producing costs at peak

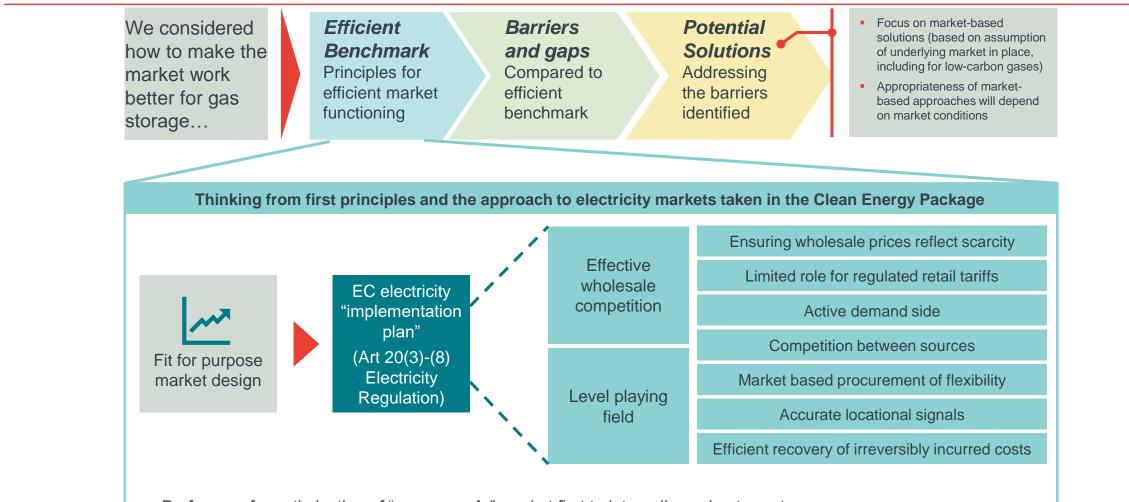
Avoided electricity production costs Reduced capacity and generation costs

System value Reduced gas / electricity balancing and network costs (incl. congestion management)

Insurance value Contribution to energy security – reduced likelihood of supply disruption

...The challenge is to ensure that storage (and other forms of flexibility) can capture this value

Our task was to identify clear solutions along the value chain



- Preference for optimisation of "energy-only" market first to internalise value to system
- But possibility for MS to introduce capacity mechanisms if required (though not as a substitute for market reforms)

Several EU-level reforms are needed to ensure that storage (and other flexibility sources) can realise the full range of value they provide

Market value (arbitrage across different timescales)	Avoided electricity costs (reduced costs of investing in / operating electricity generation)	System value (reduced gas/electricity network and congestion management costs)	Insurance value (contribution to energy security)
Remove barriers to innovative SSO product development	Correct incentives for electricity generators in CRMs to pay for "firmness" of gas supplies	"Whole system" infrastructure planning and regulation to recognise / remunerate benefits of gas storage Market-based congestion	Ensure market prices can better reflect the value of lost load at times of scarcity
Measures to promote market liquidity		Allow full exemptions for storage from financing "legacy" grid costs through tariffs	Further intervention could be justified to secure a reliable energy system

...all of which would be compatible (and complementary/additional) with existing regulated regimes to support gas storage





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