



Gas Storage Europe

Opening Address : Gas Storage Outlook in the Current Market Environment

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Gas Storage and Infrastructure Forum

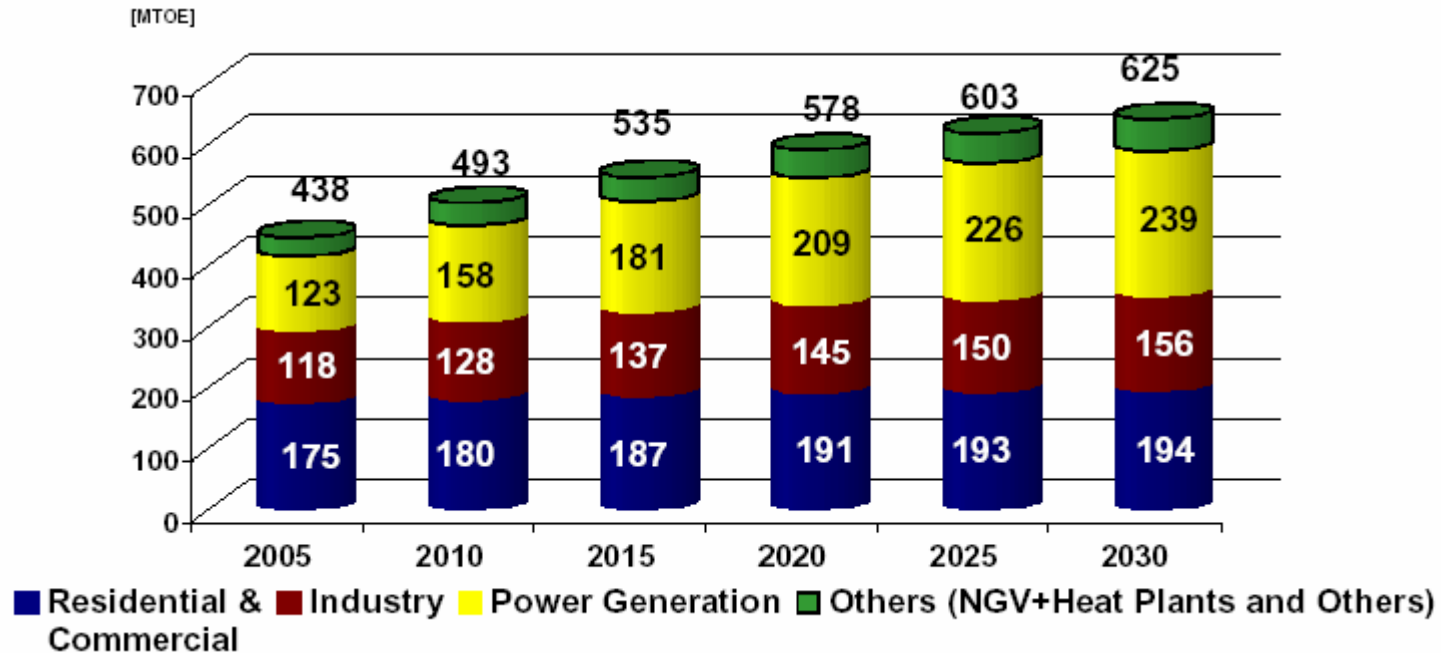
Vienna, 9 September 2008

Agenda

- 1. A growing need of gas storage in Europe**
- 2. A new challenge : The “ever-changing” role of storage**
- 3. How to face this new challenge?**
- 4. How to maintain a stable and secured climate for investment ?**

1. A growing need of gas storage in Europe

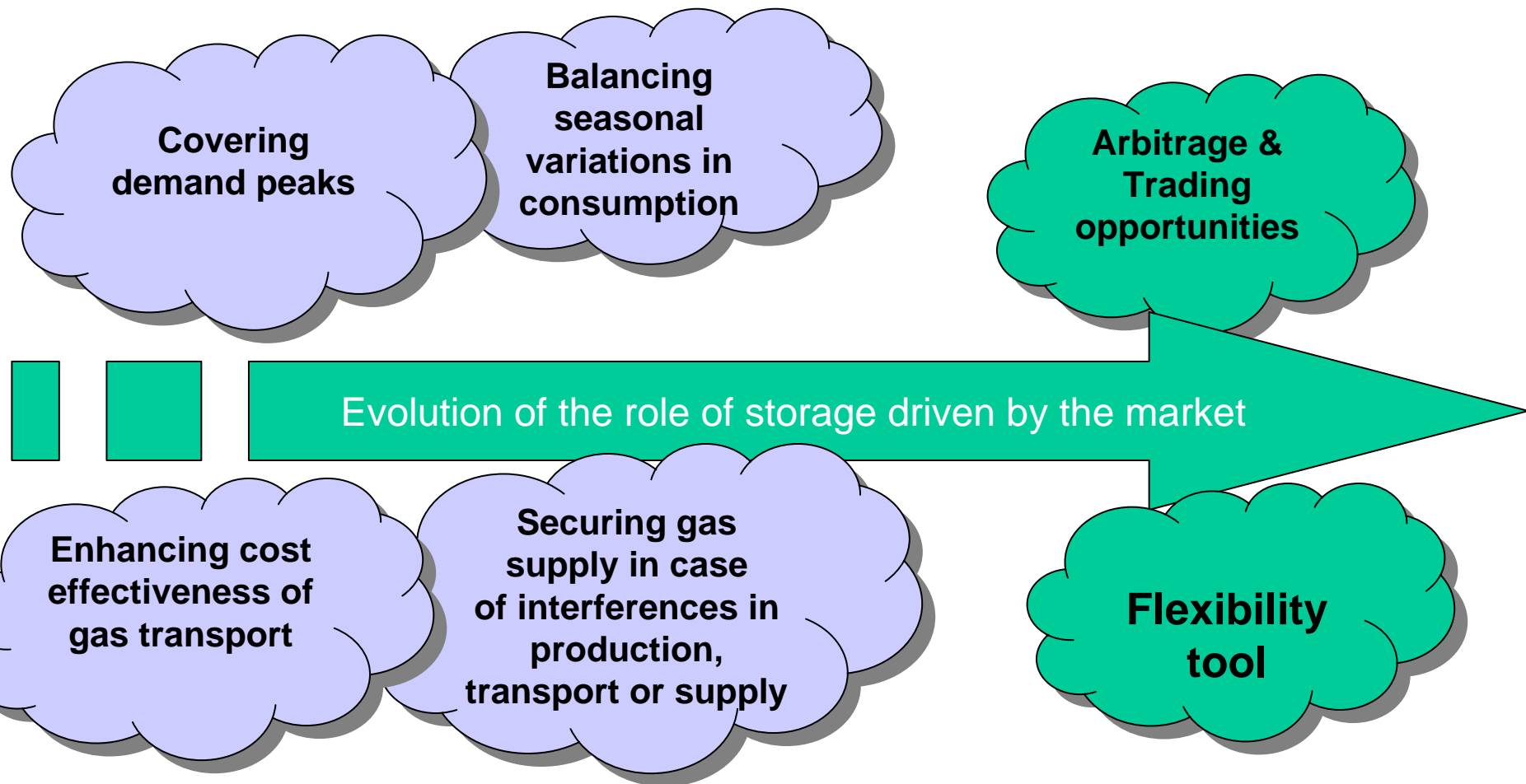
→ Expected gas demand growth ~ 1,5%/year on 2005-2030



EU27: Natural Gas Demand outlook by sector

Source : Eurogas - Natural gas demand and supply : long term outlook to 2030, 16/11/2007

2. The “ever-changing” role of storage



GAS STORAGE

IS “SECURE FLEXIBILITY” FOR THE MARKET!

2. The “ever-changing” role of storage

Limitations to flexibility tools competing with storage

→ Swing on long-term contracts

- Producers less inclined to negotiate long-term contracts with high swing level

→ Flexibility gas production

- Decrease due to expected EU production decline

→ Gas market hub

- Limitation in terms of availability / capacity

→ Customer interruptible contracts

- Commercial limits

→ Linepack / LNG "peak-shaving"

- Technical limits (capacity)

3. How to face this new challenge?

Investment is Key!

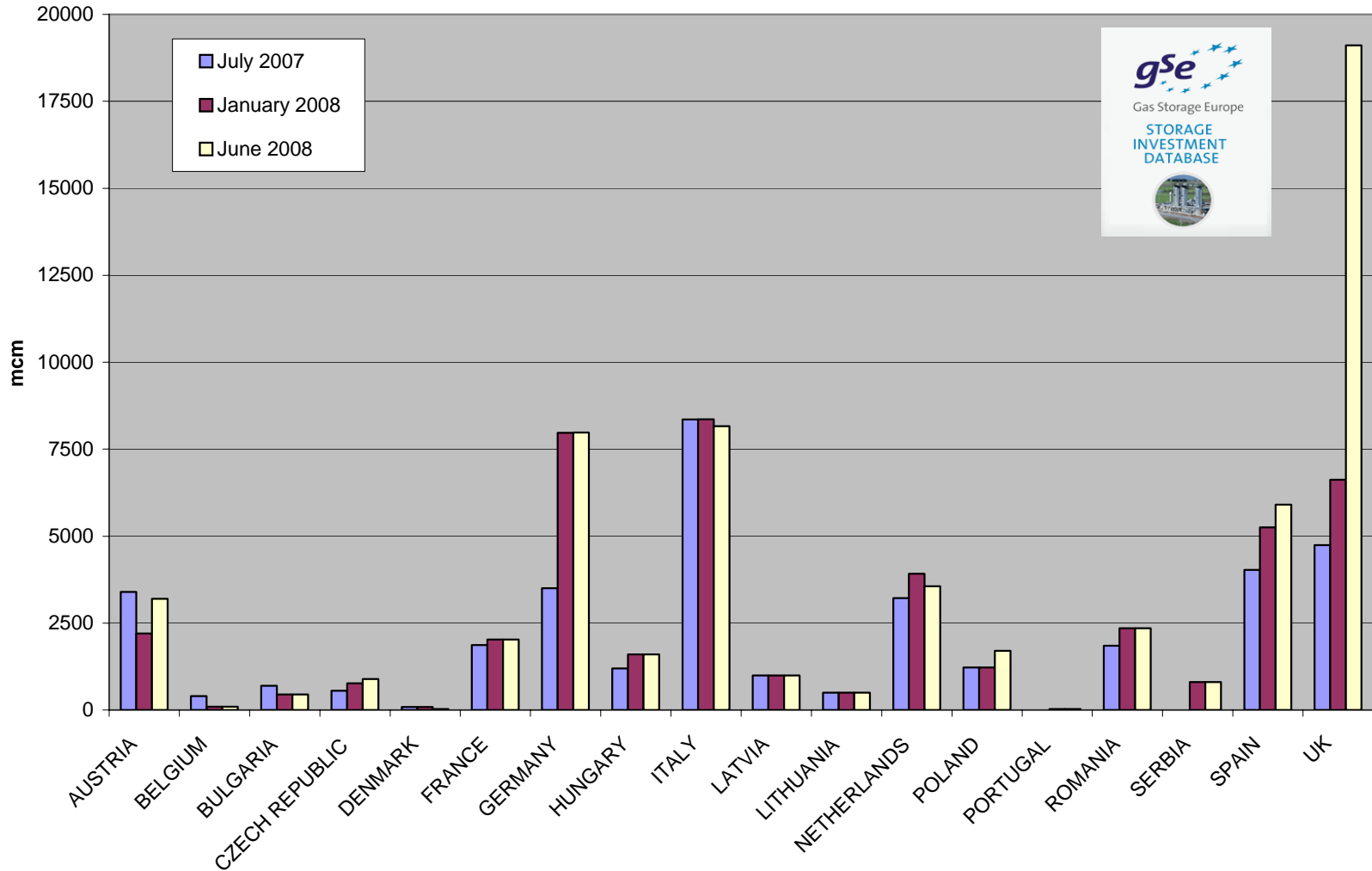
Investment specificities for underground gas storage

- ❖ Long lead-time between investment decision and the start of operation (also including permitting requirements)
- ❖ Risk associated with exploration (underground), technical and realization tasks
- ❖ High capital immobilisations
- ❖ Long operational lives

The current estimates indicate that Europe will need an additional **60 bcm** of storage capacity by 2025. The GSE Investment Database shows that **43 bcm** of storage volumes are planned to be developed by 2015.

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

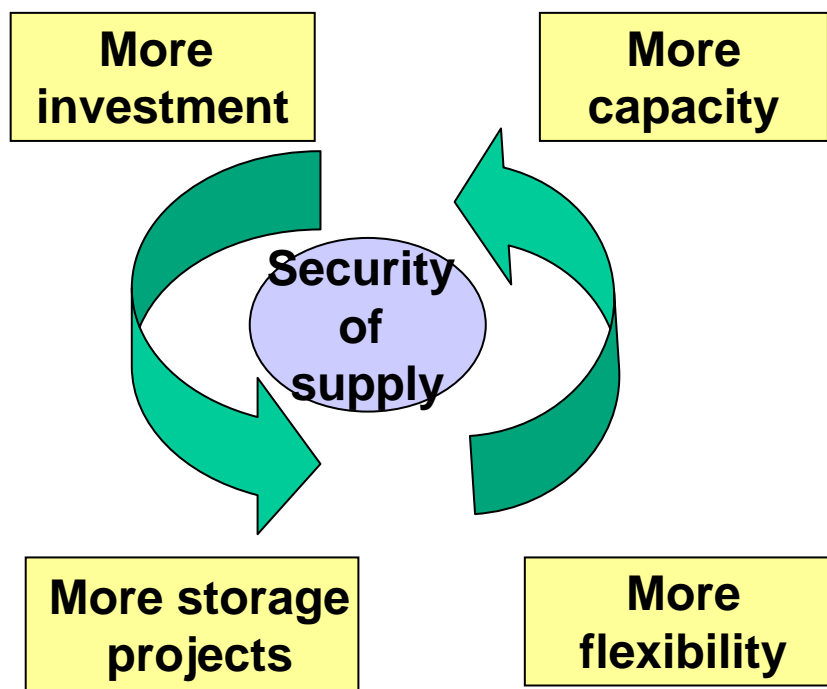
Investment : SSOs are responding to market needs



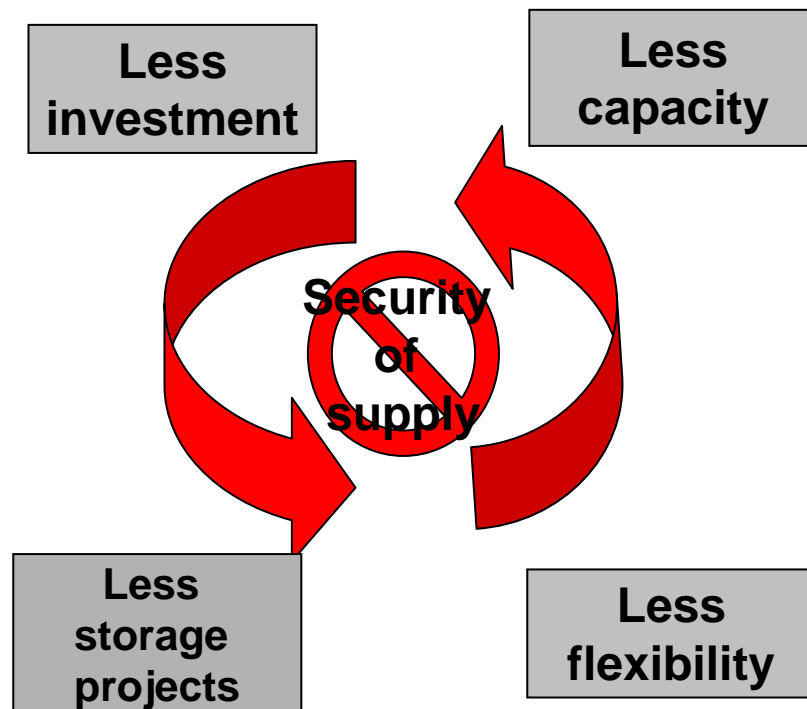
http://www.gie.eu.com/maps_data/database/index.html

4. How to maintain a stable and secured climate for investment ?

Proper & incentive-driven regulatory framework



Excessive regulation



Transparency and Non-discriminatory treatment is also ensured – as required by Guidelines for Good Practice for Storage System Operators (GGPSSO)

Thank you for your attention !

www.gie.eu.com