



Gas Storage Europe

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

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SMi Gas Storage

London, 30 June 2008

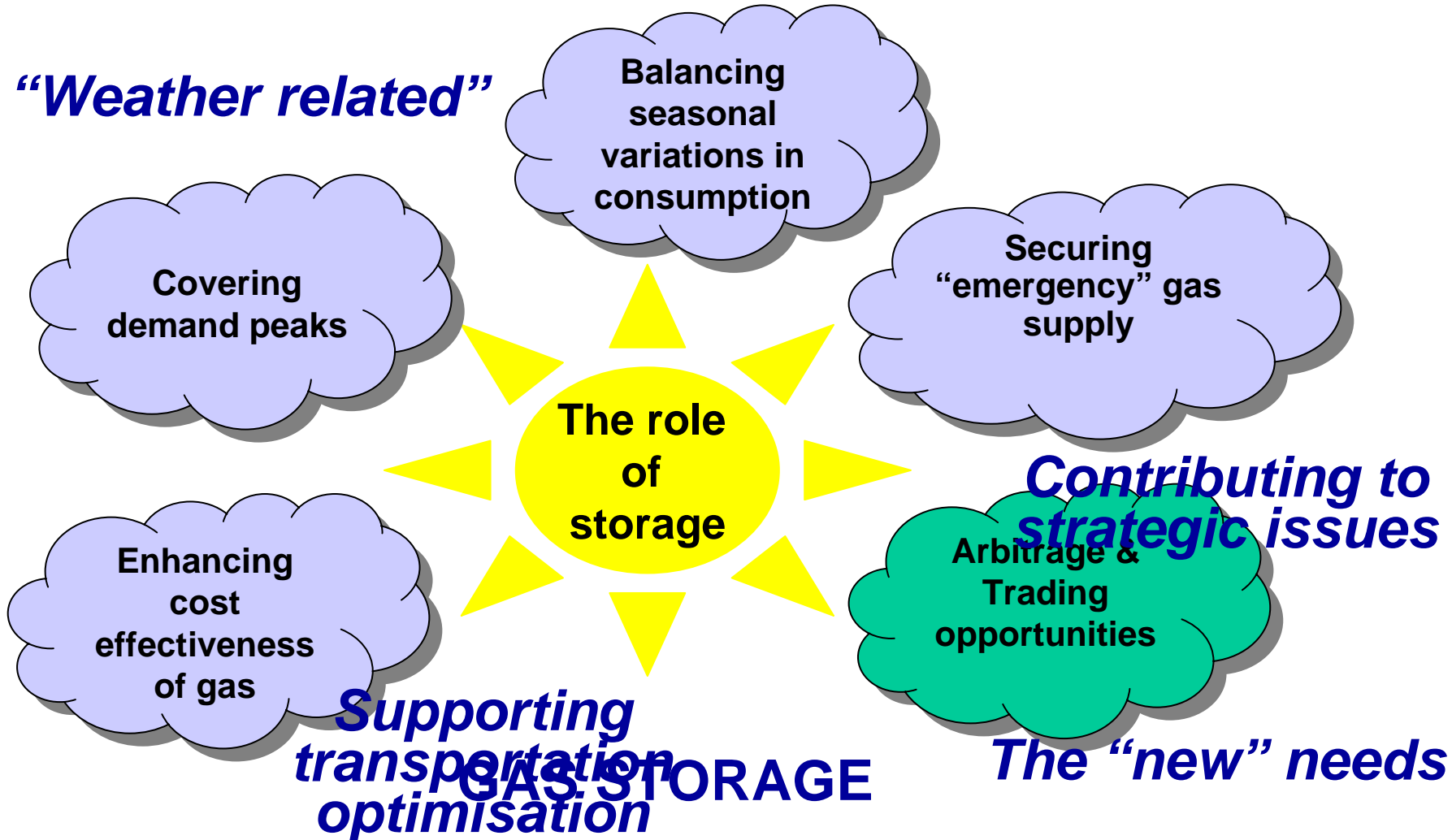
Agenda

- **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”

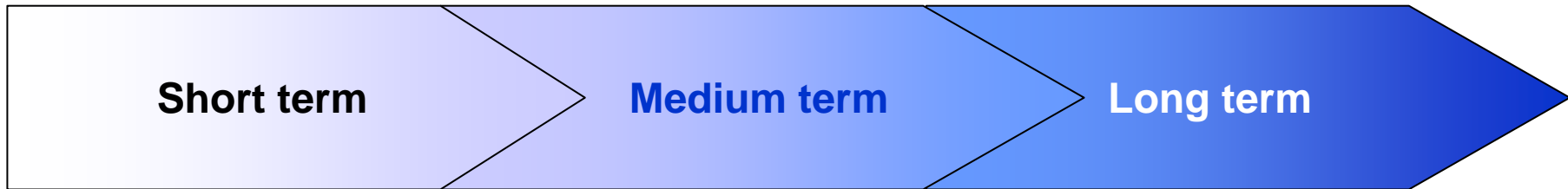


IS “SECURE FLEXIBILITY” FOR THE MARKET!

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

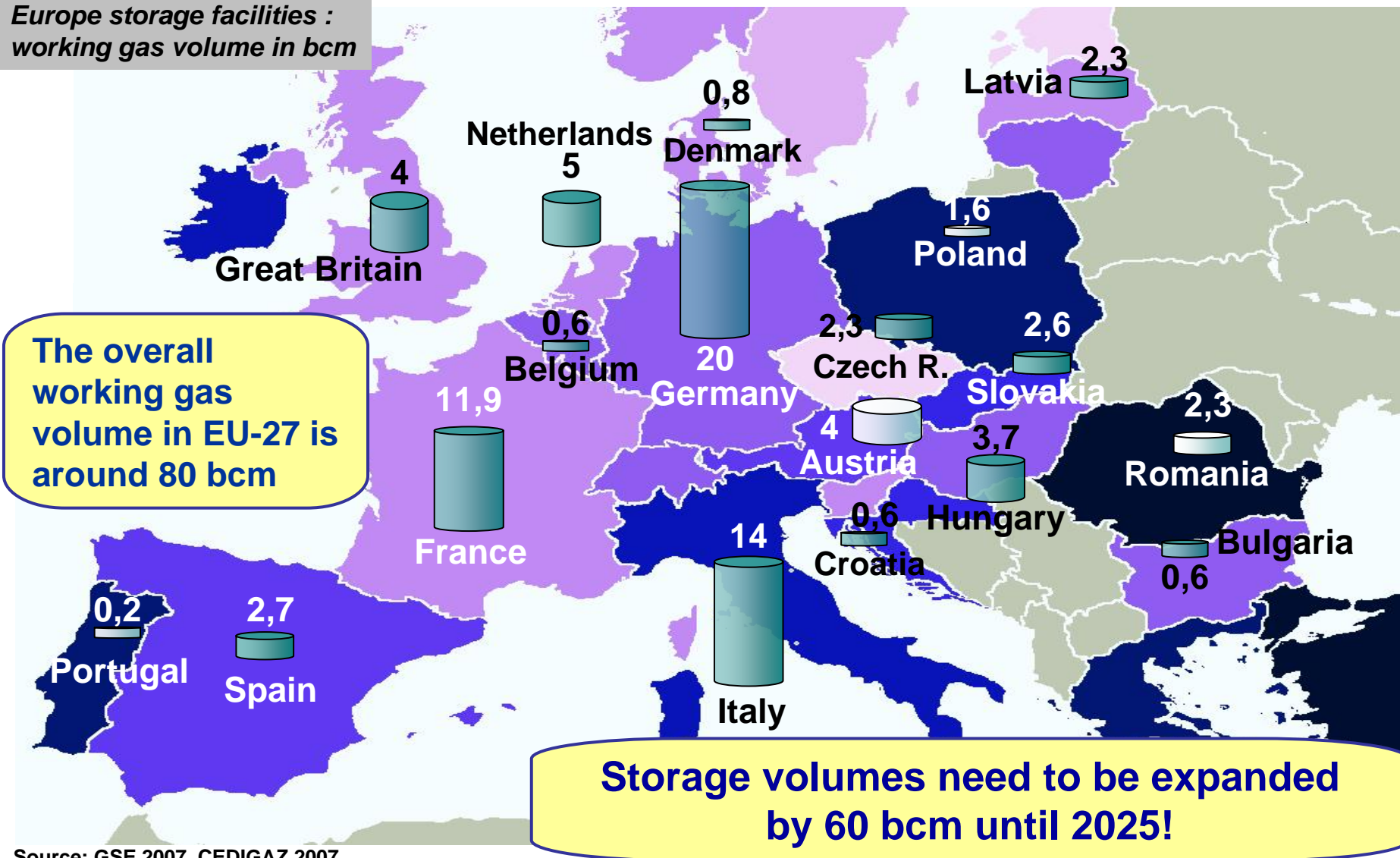
Strategic stocks

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

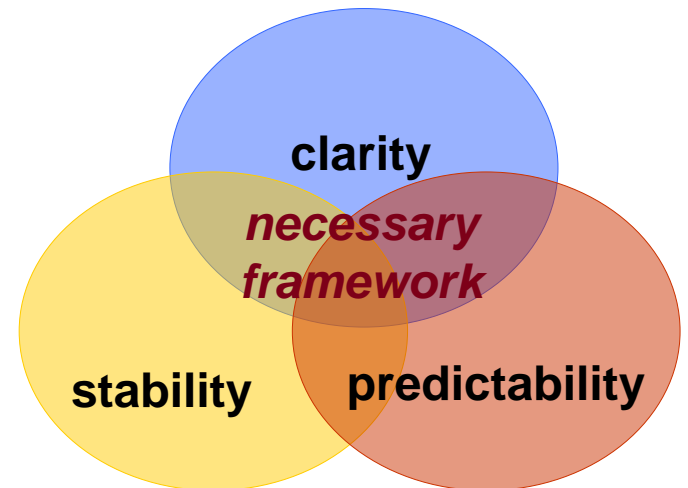
SATISFY USERS' REQUESTS FOR:

- *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
15772

update image

| Country | Company | Name of facility | Type of | Status | Expected Capacity (Mcm WEG) | Expected date | Last Update date | Icon | |
|---------|-----------------------|-------------------|-----------|--------------|-----------------------------|---------------|------------------|-------------|----------|
| 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 |

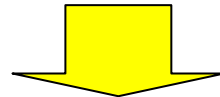
The GSE Investment Database shows that up to 45 Bcm of storage volumes are planned to become available for the market by 2015

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

| | | | | | | | | | |
|--------|---------------|-------------------|-------------|--------------|-----------|-----|---------|-------------|----------|
| FRANCE | Gas de France | Alsace Sud | Salt Cavity | New facility | Planned | 180 | By 2015 | nov07 | 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

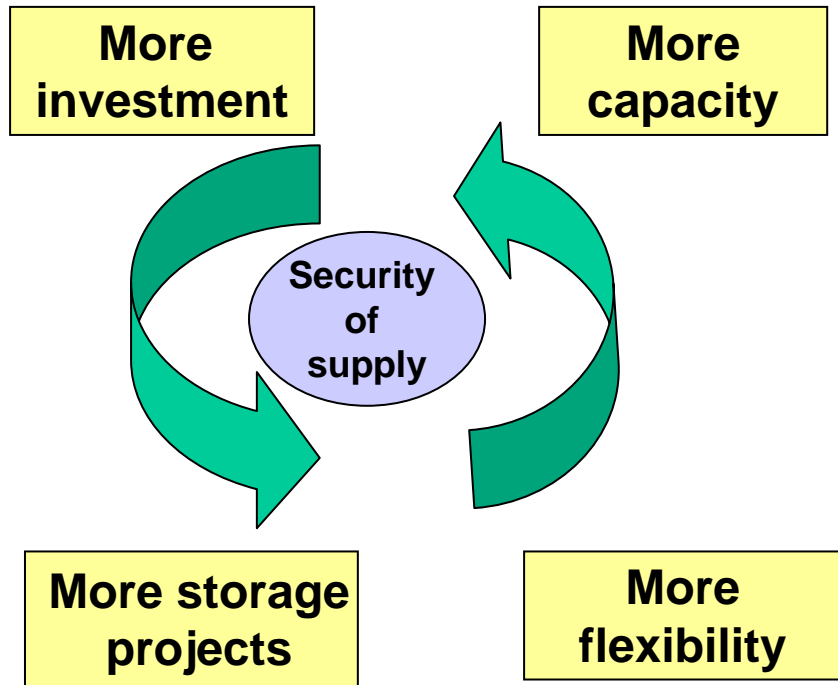
GSE will publish on GIE web site a synthetic paper on results and single responses received

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

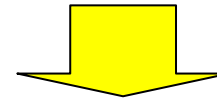
GSE believes GGPSSO full implementation is a right balance between stakeholders' needs and an appropriate investment climate

GGPSSO as a means to really meet stakeholders' goals

Proper & incentive-driven regulatory framework



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 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

GSE Key Messages

Regulatory framework


A yellow sticky note with a red pushpin at the top center, containing text about regulatory burdens.

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


A yellow sticky note with a red pushpin at the top center, containing text about binding regulation.

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

Access and transparency


A yellow sticky note with a red pushpin at the top center, containing text about GGPSSO commitment.

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

A yellow sticky note with a red pushpin at the top center, containing text about GGPSSO as a guarantee.

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

Market investments

A yellow sticky note with a red pushpin at the top center, containing text about a competitive internal gas market.

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

A yellow sticky note with a red pushpin at the top center, containing text about promoting a clear & stable investment climate.

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

Thank you for your attention !

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