

**FSR – GIE POLICY WORKSHOP ‘THE VALUE OF ENERGY STORAGE IN SUPPORTING EU’S SECURITY OF SUPPLY
AND DECARBONISATION GOALS**

Florence, 6 July 2018

CONCLUSIONS

The European energy market is undergoing substantial changes. Achieving climate goals and moving towards a low carbon economy by 2050 are at the heart of EU’s energy policy and market dynamics. There is a way to speed up the transition in an affordable and cost-efficient manner using gas infrastructure that is already in place and publicly accepted.

Gas infrastructure can transport and store large amounts of energy across long distances and in different time-frames. Its flexibility will be a key feature in the energy system with a high share of renewables. Furthermore, the gases transported and stored do not have a substantial carbon footprint. Gas infrastructure can facilitate the integration of all kinds of gaseous decarbonised energy carriers (from biomethane and synthetic methane to hydrogen produced from renewable electricity) into the energy system while simultaneously providing Europe’s energy system with robustness to withstand even the coldest winters.

The role of storage in a low carbon energy system

Going forward, flexibility and storage will be the key features in energy systems. Coupled electricity and gas systems will provide reliable, sustainable and affordable energy supply.

The resilience of the network will have to be strengthened throughout the process **at the lowest cost** by taking advantage of economies of scale generated in the coupled gas and electricity system as a whole. This will support the growing share of renewables in the energy mix over the next decades, moving towards a fully decarbonised system by 2050.

In the mid-term, gas storage could play a leading role as an enabler by helping spur markets towards a greener energy mix. Given that Member States start from different bases in their energy-mix, storage could facilitate their convergence towards this greener-mix by fostering the switch from fossil fuel to renewable gases.

By taking a forward-looking approach and positioning the storage business with respect to climate change, we can see that positive externalities generated by Storage System Operators (SSOs) need to be assessed and internalised within the new regulatory framework to ensure that SSO will continue delivering these services in the future. It would unlock their potential as the system and insurance value may even increase in the future.

Business models and regulatory mechanisms that would help to internalize these externalities need to be studied and all relevant stakeholders must be involved in the discussions. Allocation of these externalities should also be discussed with policymakers and operators, including TSOs.

European citizens must have our guarantee that this transition will happen at the lowest cost, securing the resilience of the network at any time.

To go a step further and explore the regulatory considerations for sustainable gas storage market, GIE in collaboration with FTI Consulting have launched a study. GIE invites you all to a follow up workshop in September in Brussels where all stakeholders will have an opportunity to discuss the study results and share their feedback.