



European Union Agency for the Cooperation
of Energy Regulators



ACER-CEER webinar: gas storage regulation

Webinar

12 March 2023, 10:00 - 11:15 CET

PUBLIC

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Keep your microphone muted unless the chair gives you the floor

Questions from other participants can be 'liked' to increase their visibility



Slides from this webinar will be uploaded to ACER website

Substance-related questions will be addressed during the relevant Q&A session; although they can be posed at any point

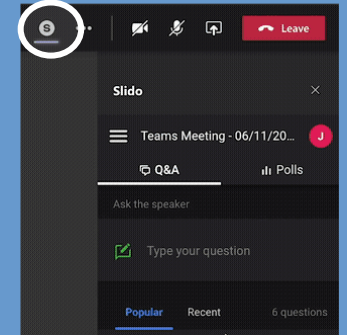


Q&A session

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AGENDA

Indicative time	Webinar items	
09:45 - 10:00	Webinar open for log-in	Starts promptly at 10:00
10:00 - 10:05	Opening and introductory remarks Pedro VERDELHO, CEER	
10:05 - 10:20	EU gas storage regulation and its implementation Louis WATINE, European Commission, DG ENER	
10:20 - 10:30	Introduction to the study Juan LOPEZ, ACER	
10:30 - 10:50	Presentation of the study <ul style="list-style-type: none"> • Analysis of gas storage measures taken by Member States • Measures contributing to achieving storage filling targets • Costs and difficulties when implementing the measures • Key findings and recommendations Fotis THOMAIDIS, VIS	
10:50 - 11:10	Q&A with speakers Moderator: Carola MILLGRAMM, E-Control	
11:10 - 11:15	Closing remarks Csilla BARTOK, ACER	

EU gas storage regulation and its implementation

Louis WATINE, European Commission, DG ENER



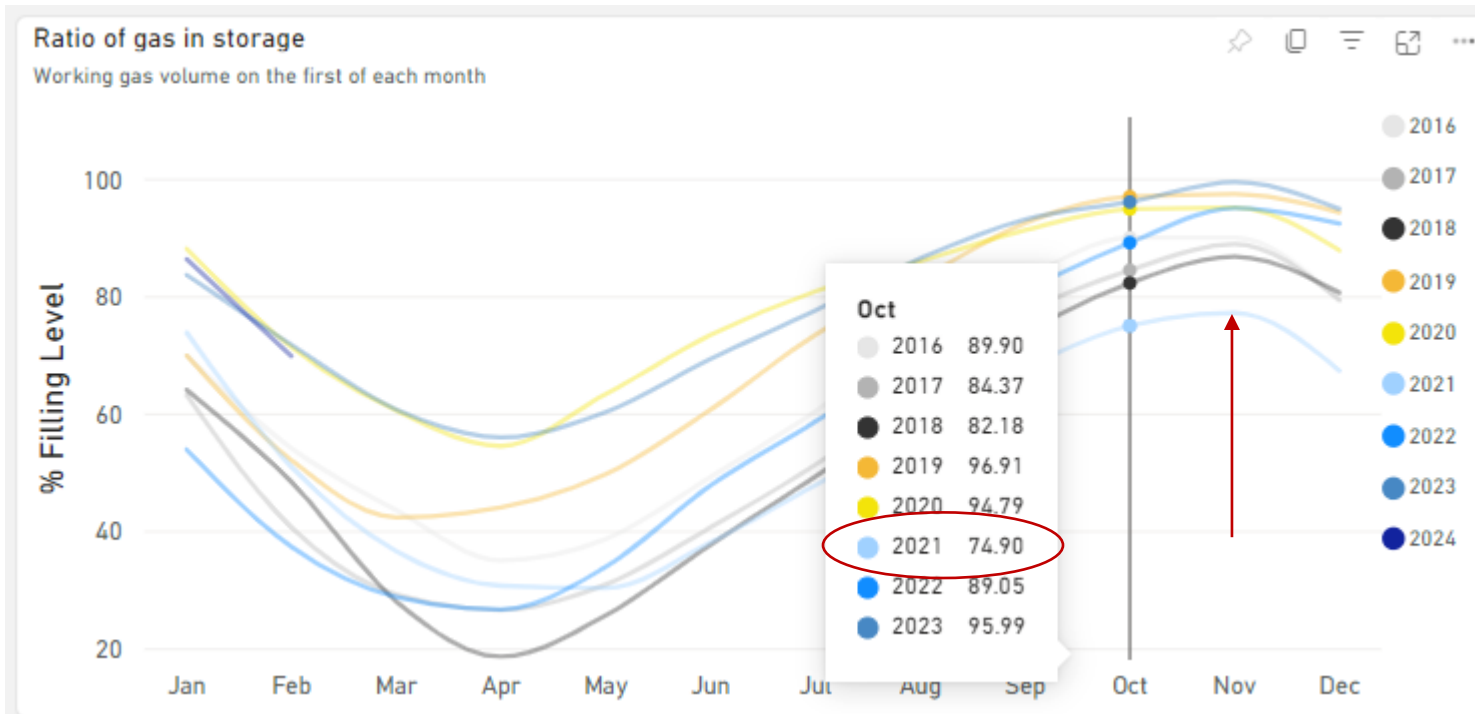
Reinforcing the EU Security of gas Supply - *Regulation (EU) 2022/1032 on gas storage*

ACER-CEER webinar: gas storage Regulation

12 March 2024

Context of the proposal

- Russian military aggression against Ukraine.
- Underground storage key resource for security of supply and the Union.
- A gap of 10% before/during the winter
- Worries about the summer/winter price spread



Regulation on time to refill storage ahead of the winter

Gas Storage Regulation – key elements

An enhanced gas SoS architecture based on the following elements:

- **a target: 80-90% on 1st Nov. for 2022/23 onwards**
- **a filling trajectory** with intermediate control points
- **a set of tools for** Member States to fill storage, including:
 - **Burden-sharing mechanism**
 - including **incentives**
 - deterrent **sanctions** and **fines**
 - **Certification**
- a reinforced **monitoring system**

Gas Storage Regulation

The Regulation on storage has attributed several obligations to the Commission and the Member States.

EU Commission tasks:

- **Monitoring Member States filling targets**
- **Implementing Act for on intermediate filling targets**
- **Recommendation and decisions on filling levels**
- **Guidance on certification**
- **Opinions on draft certification decisions**
- **Guidance on the joint procurement of gas**
- **Annual report on the effects of the Regulation**

Member States tasks:

- **Draft Filling trajectory**
- **Reporting about burden sharing mechanisms**
- **Certification of storage system operators - a draft certification decision**
- **Information on delays of filling the storage**

GCG tasks on: monitoring and drafting guidance on measures to ensure compliance in case of Member States deviation

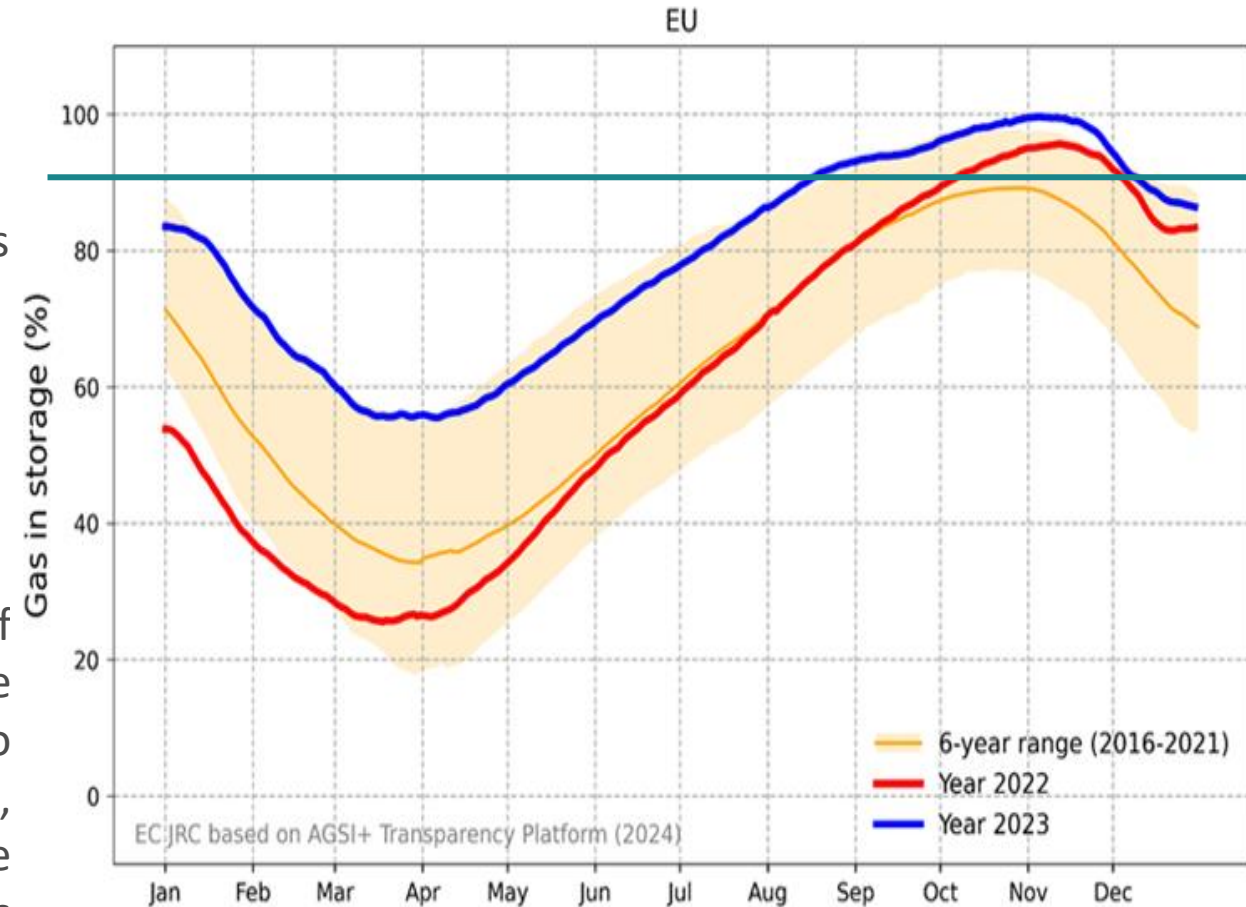


Regulation (EU) 2022/1032 on gas storage

Implementation

Gas Storage Regulation – Implementation in 2023

- EU storage objectives achieved
 - 99% level on 1 November, objective surpassed
 - 90% target met mid-August 2023
- All **Member States** complied with the intermediary targets set for 2023 and did not even move with their minimum filling level to the authorized deviation from the target.
- After EU storage target met, 2.5 bcm injected in Ukraine
- Positive Summer / Winter price spread
- In November 2023 the **Commission** set out by means of an Implementing Regulation the intermediate gas storage filling targets that Member States must meet in 2024 to reach the 90% gas storage target by 1 November 2024, based on the proposals made by Member States, the filling rates of the preceding 5 years and the Commission's assessment of the general security of supply situation.



Gas storage measures taken by Member States

- Most 2022 measures continued in 2023, as recalled by **MS** and **ACER and VIS gas storage study 2023**.
- **Key role of Demand reduction** contributing to favourable market conditions during the 2023 injection season,
- **no need to enforce the measures of last resort**
- **Healthy storage level at the end of winter.** EU storage were 56% full.
- **Around 60%** of the gas stored during the summer 2023 was injected in the months of **May-July**

	AT	BE	BG	CZ	DE	DK	ES	FR	HR	HU	IT	LV	NL	PL	PT	RO	SE	SK
Minimum volume in gas storage	X		X	X			X		T	X					X	X		X
Tender of capacities		X				X	X	X							X			
Balancing stock managed by TSO									X		T							
Obligations imposed on designated entities				X	X	X			X		T			X				
Coordinated instruments																		
Voluntary joint procurement mechanisms																		
Financial incentives for market participants		X		T		X	X				T		T					
Unused booked capacities	X	X		X	X		X		X									
Strategic storage	X		X	X	X	X	X			X	X	X						
Appointment of dedicated entity					X		X	X	T		X		T				X	
Discount on storage tariffs		X					T											
Capital and operational expenditures								X			X							
Other																		

Source: Member States' responses to EC survey and ACER and VIS gas storage report 2023

Certification procedure

- Member States submitted draft decisions for the certification of gas Storage System Operators (SSOs) to the Commission.
- The Commission adopted ten certification opinions which, after the confidentiality check by the certifying authority, were published in the Commission's [Transparency Registry](#) and on DG ENER [website](#).

Thank you for your attention!



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Introduction to the studies

Juan LOPEZ, ACER

Studies on the impact of the measures included in the EU and National Gas Storage Regulations

May- Oct 2023

VOLUME 1



Nov 2023- March 2024

VOLUME 2



- Inventory and assessment of MS storage measures:
 - Contribution to achieving storage filling targets
 - Where possible, estimation of gas volumes and costs of implementing these measures.
- Identification of challenges with implementing measures.

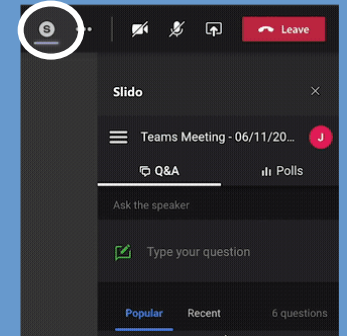
- Inventory and assessment of storage arrangements in MS without gas storage
- **Lessons learnt and recommendations for improving storage filling measures**

Introductory Polls

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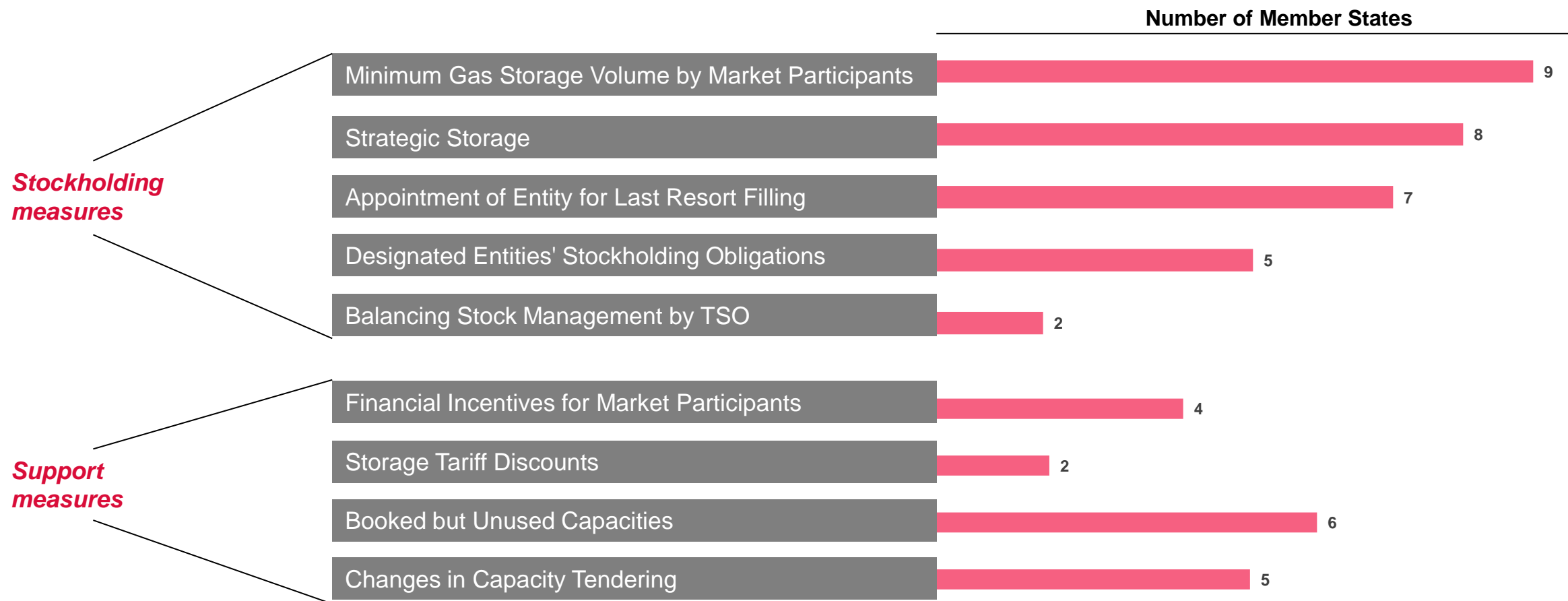
Presentation of the studies

Fotis THOMAIDIS, VIS

The impact of the measures included in the European Union and national gas storage regulations

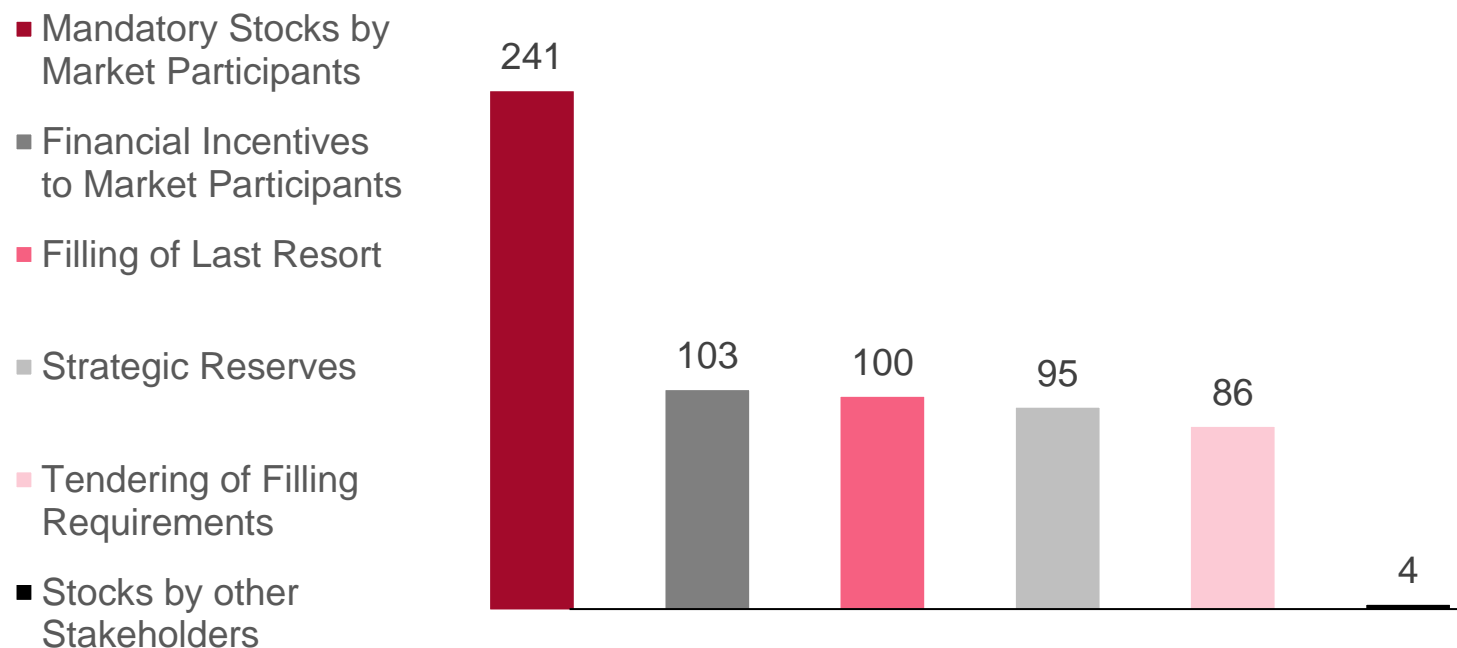
Fotis THOMAIDIS

Storage measures taken by Member States in 2022



Contribution of measures to storage filling in 2022

Gas volumes stored because of measures in 2022



*Application of **UIOLI mechanisms**, resulted in the release of 25 TWh of capacity that was then filled by other parties*

- In 2022, as a result of the measures, Member States' underground facilities collectively stored over **630 TWh** of gas, approx. **53%** of the EU capacity
- **Market participants** established stocks accounting for almost **40%**
- **Significant** gas volumes had to be procured **as a last resort** to compensate for lack of market-based storage filling

Use of new and existing storage measures in 2022

	a. Minimum volume in gas storage	b. Tender of capacities	c1. Balancing stock managed by TSO	c2. Obligations imposed on designated entities	d. Coordinated instruments	e. Voluntary joint procurement mechanisms	f. Financial incentives for market participants	g. Unused booked capacities	h. Strategic storage	i. Appointment of dedicated entity	j. Discounts on storage tariffs	k. Capital and operational expenditures
AT	✓							✓	✓			
BE		✓						✓			✓	
BG	✓								✓			
CZ	✓			✓			✓(t)	✓	✓			
DE				✓				✓	✓	✓		
DK				✓								
ES	✓	✓					✓	✓	✓	✓	✓(t)	
FR		✓								✓		✓
HR	✓(t)		✓							✓(t)		
HU	✓								✓			
IT		✓	✓(t)	✓(t)			✓(t)	✓	✓	✓(t)		✓
LV									✓			
NL							✓(t)			✓(t)		
PL				✓								
PT	✓	✓										
RO	✓											
SE										✓		
SK	✓											

- ✓: New measure implemented due to the Gas Storage Regulation
- ✓: Existing measure amended as a result of the Gas Storage Regulation
- ✓: Measure in place prior to the Gas Storage Regulation
- (t): Temporary measure (applied only in 2022/23 and/or 2023/24)

Costs for storage filling in 2022



105 TWh / 19 billion €

- Establishing strategic gas reserves in Austria as well as last-resort filling in Germany and Italy during in 2022, secured 105 TWh at an estimated cost of 19 billion €
- This substantial cost was due to the high prices of gas, ranging between 175 and 200 €/MWh in Q2 and Q3 of 2022
- The financial burden of the measures should take into account revenues from selling stored gas to the market. Only a portion of the costs can be recovered from the market, due to the gradual price decrease following the peak in August 2022

Design of measures

Primary stockholding	Support instruments				Additional stockholding	
	Facilitate capacity booking	Storage capacity UIOLI	Procurement of filling services	Financial incentives	Filling of last resort	Supplementary obligations
Mandatory stockholding by suppliers	✓	✓			✓	
Stockholding by entity not involved in gas supply	✓	✓	✓			✓
Filling targets assigned to storage users	✓	✓		✓		✓
Voluntary storage filling with financial incentives		✓		✓	✓	

Key findings and recommendations (1/3)

1 *Application of support schemes*

Use of support schemes has motivated market participants to use storage, especially when contracting capacity is linked with filling targets



Support mechanisms should complement storage users' obligations:

- Flexibility in marketing storage capacity
- Discounts on tariffs at storages and/or transmission/storage network points
- Financial penalties for not meeting filling targets

2 *Use of storage filling of last resort*

The use of measures for storage filling of last resort in the summer of 2022, often without risk mitigation mechanisms, led to expensive gas purchases for filling storages




Design of a filling of last resort with increased efficiency:

- Sufficient lead time for accessing markets
- Access to futures market for price hedging
- Strategy for releasing gas stocks back to the market

Key findings and recommendations (2/3)


3 *Cross-border impacts and cost recovery*

Obligations for ensuring deliverability of gas stored in neighboring countries may congest IPs
Levies at cross-border points to recover measures' costs may impact functioning of regional markets and/or security of supply

- 
- The mechanism for releasing gas stocks to the market should not oblige the entities to reserve excess capacity at IPs.
 - Cost recovery mechanisms should not include charges and levies imposed at cross-border points

4 *Application of use-it-or-lose-it mechanism*

The application of use-it-or-lose-it mechanisms and voluntary capacity release released over 25 TWh of storage capacity in 2022, in time to be filled by other entities

- 
- A congestion management mechanism should be put in place entailing both voluntary and mandatory release of storage capacity
 - The mechanism should include a streamlined process for capacity release at specific milestones

Key findings and recommendations (3/3)

5 *Offering of contracts for differences*

Contracts for differences generated interest among market participants in 2022. Design of CfDs was in some cases challenging, due to the short time available



- The mechanism for offering contracts for differences should be readily available in advance of the injection period
- Direct subsidies could be offered if interest for CfDs is small, to increase the interest in storage filling

6 *Impact of suppliers' gas stocks on flexibility*

Stockholding by suppliers, covering a substantial portion of the Member States' storage capacity, limited the availability of storage capacity for system and market flexibility



When determining the size of stockholding obligations to be maintained by suppliers, the needs of the market participants for using the storage for flexibility and price arbitrage should be taken into consideration

Thank you for your attention

The logo for VIS Economic & Energy Consultants. It features the letters 'VIS' in a bold, sans-serif font. The 'V' and 'I' are black, and the 'S' is red.

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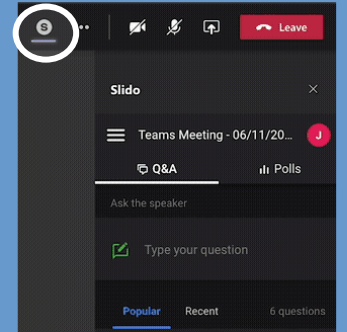
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Polls and Q&A with speakers

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Moderator: Carola MILLGRAMM, E-Control



Closing Remarks

Csilla BARTOK, ACER

Thank you!

Any questions?



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