



Gas infrastructure guaranteed a high level of Security of Supply in a stressed winter

- Winter full of unexpected incidents, but gas delivery was guaranteed all the time
- Gas stock level at the end of the winter lowest ever
- Gas storage injection starts to prepare for the next winter

The resilience of the European gas markets has been proven by the recent spells of cold weather across Europe. Europe has been subjected to an unusually cold spell at the end of the winter. This was inter alia combined with restricted production due to the volume cap at the Groningen field and unavailability of the Rough gas storage. Early warning status was declared in 3 European countries (in Italy, Denmark and Sweden) this winter, but thanks to the well-functioning cooperation between the Transmission System Operators, increased send-out from LNG terminals as well as the availability of sufficient gas storage fill levels, some countries avoided even tighter supply situation and the declaration of the real emergency.

GIE President Jean-Marc Leroy said that *“This year again, Europe passed the recent cold spells successfully thanks to the reliability of gas infrastructure operators. The EU internal gas market worked well and the gas flowed where it was needed.”*

The response to the higher demand for gas was an increase in send-out rates from gas storage as shippers attempted to benefit from higher spot gas prices. As a result, gas stock level in March has fallen below those seen in the last 5 years to finally stand at 18% or 190 TWh at the end of March 2018. In some countries the gas stock level dropped as low as 2%.

If we look at what happened in Europe, by far the most expensive gas during the cold spell was traded in the markets with limited flexibility of gas storages. On the 1st March, it could be observed that the NBP and TTF were the worst hit as prices in the UK NBP and Dutch TTF were at record highs (day-ahead prices assessed at Eur88/MWh and Eur79/MWh, respectively¹). Without the Rough gas storage, the UK has less winter flexibility and so is more vulnerable than ever with winter prices rising above the European hubs. On the TTF market, the strictly capped production at the giant Groningen field was not compensated by an adequate increase in storage withdrawals which could leave it exposed to a surge in demand.

In Italy, where unexpected events occurred this winter, the Italian market continued to supply customers throughout the period, which is sign of resilience of the network and ability to withstand serious short-term emergency. Even in the case of the accident at Baumgarten, gas storage in Austria and Italy was the key provider of flexibility in their home markets whereas Baumgarten quickly resumed its service as a major transit point for Russian gas to Italy.

With the winter over now, only some storage facilities started gas injection in preparation for the next season. Record high usage of gas storage last winter has at the same time resulted in a record low

¹ within-day trades at the UK's NBP hit unusual highs of 125 €/MWh



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valuation of storage looking at seasonal spreads only. With current market prices, incentives for market participants to build up adequate stock levels are low.

Mr. Lubor Veleba, Member of the Board, Gas Infrastructure Europe, said: *“Shippers usually refer to the futures seasonal price spread to make their purchasing decision whereas this metric fails to reflect the full value of gas storage.”*

The last winter has again demonstrated that gas infrastructure in general and gas storage in specific contributed to the well-functioning internal gas market by operating the network in an efficient manner, increasing the liquidity and fostering competition. Moreover, gas storage fulfilled its important and diverse role in the European energy system by not only ensuring the security of energy supplies, but also contributing to system stability.

In the future, these services and similar fill levels can be guaranteed only if storage site operators are remunerated and the full value of gas storage is recognized.

Note to Editors

Gas Infrastructure Europe (GIE) is an association representing the interests of European natural gas infrastructure operators active in natural gas transmission, storage and LNG regasification. GIE is a trusted partner of European institutions, regulatory bodies and industry stakeholders. It is based in Brussels, the heart of European policymaking.

GIE currently represents 68 member companies from 25 countries. Its internal structure has three columns corresponding to the three types of infrastructure activities represented: GTE (Gas Transmission Europe), GSE (Gas Storage Europe) and GLE (Gas LNG Europe), all of which fall under the umbrella of GIE. This structure allows member companies to speak with one voice on infrastructure topics as well as to build positions on column-specific issues.

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