

## **DEPA's views on EC public consultation on an EU strategy for liquefied natural gas and gas storage**

### **1. LNG in the EU today**

*Question No. 1: a. Do you agree with the assessment for the above regions in terms of infrastructure development challenges and needs to allow potential access for all Member States, in particular the most vulnerable ones, to LNG supplies either directly or through neighbouring countries? b. Do you have any analysis or view on what an optimal level/ share of LNG in a region or Member State would be from a diversification/ security of supply perspective? Please answer by Member State/region.*

- a. We agree with the assessment for the region of Central- and South Eastern Europe where Greece belongs. Apart from the potential new LNG terminals in the region (Greece, Croatia, Romania), the realization of North-South interconnection projects and the establishment of a regulatory framework that enhances reverse flows, in a timely manner, are of great importance and crucial to improve the security of supply (diversification of sources & routes) and competition in the region, including the Energy Community countries. Here is a good example of new LNG infrastructure (new LNG terminals), proposed independently by member states, competes for finance against upgrading existing infrastructure (Revithoussa + reverse flow in existing pipelines).
- b. We are not aware of such a metric. However, during the Regulation 994 amendment consultation, which took place in the 1<sup>st</sup> quarter 2015, we supported the development of regional plans which will coordinate actions among neighbouring countries. We define as our region the states of the Balkan peninsula only, namely (Romania, Bulgaria, Greece and the ex Yugoslav states).. We propose that an optimal level/share of LNG in any single region be the result of stress tests run in these regions, where non-LNG sources are considered cut-off and at least the collective protected customers in the region remain supplied with gas. Here, we also propose a harmonised definition of protected customers, perhaps including several levels of protection status.

*Question No.2: a. Do you have any analysis (cost/benefit) that helps identify the most cost-efficient options for demand reduction or infrastructure development and use, either through better interconnections to existing LNG terminals and/or new LNG infrastructure for the most vulnerable Member States? b. What, in your view, are reasons, circumstances to (dis)favour new*

*LNG investments in new locations as opposed to pipeline investments to connect existing LNG terminals to those new markets?*

a. We are not aware of any such analysis, either generic or specific. We believe that such analyses would and should be part of individual project feasibility studies, where the merits of a project should be compared against those of alternatives in the specific region, rather than the individual country. As an example, building the KRK LNG terminal in Croatia should be compared with its prospective customers being fed with LNG from the Italian floating LNG terminal outside Rovigo or even from Revithoussa terminal in Greece.

b. The main criterion of comparison between an LNG project and a pipeline project is obviously the relative added value of each project. Such added value cannot, however, be limited to a narrow envelope of project or even country but needs to spread out to the relevant multi-state region. For example, risks entailing additional costs (low utilization, self-sufficiency, adverse regulatory regime, etc.) need be seen in a regional scale.

*Question 3: a. Do you think, in addition to the already existing TEN-E Regulation, any further EU action is needed in this regard? b. Do you think the use of LNG gas and existing LNG infrastructure could be improved e.g. by better storage possibilities, better network cooperation of TSOs or other measures? Please give examples.*

a. The TEN-E Regulation introduces the concept of PCI projects that play a major role in fulfilling the objectives of the energy infrastructure package (functioning of internal market-security of supply-sustainability through energy efficiency). Specifically for LNG and gas storage projects, the supply of at least two member states or fulfilling the N-1 rule at regional level are criteria that have to be met in order to define the projects of common interest (PCI). As the subject framework facilitates the implementation of investment based on cost-benefit analysis, our view is that no further actions are needed by the EU.

b. LNG plays an important role in the EU gas market by contributing to security of supply through diversification, providing more flexibility to the system and enhancing competition both in upstream and downstream gas markets. The availability of sufficient gas system infrastructure (eg storage) and interconnections points is essential to bring gas from LNG terminals to demand and therefore improves LNG use. In addition, the framework that regulates the operation of the integrated gas system should ensure its efficient use and to this end the effective cooperation of the operators is necessary. To conclude, we support the view that regional cooperation and gas interconnections could lead to well-operated markets in a region by using optimally the available infrastructure.

We also support, however, that the quest for efficiency should stop short of leading to infrastructure congestion, therefore limiting liquidity of the markets. Infrastructure ought to allow elbow room for peaks in supply and demand, inevitably lowering the desired average utilisation rate. The size of such elbow room may itself become part of a regular review in light of alternatives (e.g. a larger LNG tank vs. a UGS or more capacity in a pipeline).

*Question 4: a. What in your view explains the low use rates in some regions? b. Given uncertainties over future gas demand, how would you assess the risk of stranded assets and lock-in effects (and the risk of diverting investments from low carbon technologies such as renewables and delaying a true change in energy systems) and weigh those against risks to gas security and resilience? c. What options exist in your view to reduce and/or address the risk of stranded assets?*

- a. We believe that the low utilization rate of some terminals may be attributed to reasons such as: 1. the economic cycle of spot LNG market having recently touched its peak, whereupon Europe became unable to attract volumes against other parts of the world, e.g. Far East, Latin America, India; 2. the glut of contracted pipe gas in some regions (e.g. South-East Europe) during the long recession in Europe since 2009; 3. overcapacity built in expectation of either higher conventional gas demand that never came or new revenue streams which are still in their infancy (e.g. LNG reloading, truck loading, bunkering).
- b. Firstly, let us remark that low utilization concerns hold for all gas assets, not only LNG and storage. Secondly, we believe that the risk of LNG and storage assets ever becoming stranded reduces where such assets are connected to larger and more diversified markets. Here, regional envelopes of project feasibility are essential. Even so, times will inevitably come during an asset's useful life, when overarching factors (i.e. recession, natural catastrophe, even war) may render them largely idle. Assessing the risk of an asset getting stranded, therefore, becomes an exercise similar to assessing the risk of a building losing its tenants and potentially being struck by earthquake: a matter of statistics (on the possibility of an untoward event happening) and harmonised norms for assumptions (for example, as to how much of an asset's life we can tolerate being at utilization less than X%). More formal tests and criteria of this nature for building gas assets will definitely help.

As far as lock-in effects are concerned, we propose that any project for gas, seen in the light explained above, be compared with similarly examined, competitive projects for lower-than-gas-carbon investment before embarking on it. This raises the perennial question of environmental economics and externalities – we think the time is ripe

for such considerations to be taken onboard and be formalized EU-wide.

- c. Options to reduce and/or address the risk of stranded assets include (a) stronger interconnections between such assets and markets, (b) elimination of regulatory obstacles to cross-border trade and bi-directional flows, including virtual reverse flow, (c) harmonised norms and assumptions to assess each project's risks, (d) formal methods of comparing projects for gas assets against projects for lower-than-gas-carbon investment.

*Question 5: The Energy Union commits the EU to meeting ambitious targets on greenhouse gas emissions, renewable energy and energy efficiency, and also to reducing its dependency on imported fossil fuels and hence exposure to price spikes. Moderating energy demand and fuel-switching to low carbon sources such as renewables, particularly in the heating and cooling sector, can be highly cost-effective solutions to such challenges and ones that Member States will wish to consider carefully alongside decisions on LNG infrastructure. In this context, do you have any evidence on the most cost-efficient balance between these different options in different areas, including over the long term (ie up to 2050)?*

In our opinion, price spikes have little to do with the source of commodities like gas and more to do with lack of liquidity in the EU-domestic and international market. Even so, it is not unnatural for price spikes to arise when conditions of supply tightness appear (see for example, Henry Hub prices over select dates in last winter and NBP prices over a short period in spring of 2013). Reduction of dependence on imports has more to do with the general level of prices under the ideal assumption that closer means cheaper (less transportation) and even more with independence from non-EU suppliers, a.k.a. security of supply.

We take the question to focus on the balance between moderating demand and fuel switching to low-carbon sources such as renewables. In this context, gas itself is a low-carbon source, though not the lowest. However, it is much lower than coal and oil products, still abundant round the globe, including within the EU neighbourhood, and extremely efficient when it comes to power production in systems of high renewables penetration. Therefore, we favour attention to moderating demand through energy efficient buildings, transport and industrial production, as this will help the EU lower its energy intensity overall, saving money to invest into low-carbon sources, including gas and renewables. The balance between gas and renewables then becomes the object of question 4 above on a project-by-project basis (lock-in effects).

*Question 6: a. What in your view are the most critical regulatory barriers by Member State to the optimal use of and access to LNG, and what policy options do you see to overcome those barriers? b. Have you encountered or are you aware of any problems in accessing existing LNG terminal infrastructure, either because of regulatory provisions or as a result of company behaviour? Please describe in detail.*

a. A high level of transparency is very important to remove entry barriers, ensure effective access to gas facilities, enhance cross-border trading and minimize costs for market participants. Lack of full implementation of the 3rd energy package across Europe and the great differences between member-states' markets from the liquidity point of view are the main obstacles to the optimal use of and access to LNG. **Intense attempts aiming to a real, integrated EU gas market should be followed by each member-state.** The quicker this is achieved the better for an optimized use of EU LNG facilities, having in mind the great probability that Europe will attract LNG supplies as Asian demand falls. Thus, the provisions of the existing EU legislation about regulated (transparent and non-discriminatory) Third Party Access (TPA) regime and effective Congestion Management Procedures (CMPs) at LNG terminals (such as UIOLI or secondary trading) should be implemented constantly.

In our neighbourhood, barriers to EU member states accessing LNG concern Bulgaria, Romania, Hungary. None of these countries have an LNG receiving terminal and none seem to have available pipeline capacity to receive LNG from their neighbours who have such terminals, namely Greece and Italy within the EU and Turkey. Even more so from the northern terminals of Poland (about to come on line) and Lithuania.

b. Since Greece has an LNG terminal, there has been no obstacle for us accessing LNG.

*Question 7: What do you think are the most critical commercial, including territorial restrictions and financial barriers at national and regional level to the optimal use and access to LNG?*

In our view, the most critical commercial barriers are long-term take-or-pay obligations, cargo diversion restrictions, lack of cross-border interoperability, lack of operation flexibility at LNG terminals (e.g. no reload capability), lack of virtual and physical bidirectionality in cross-border pipelines, slow uptake by LNG operators of new forms of LNG trade (e.g. truck loading and ship bunkering).

*Question 8: More specifically, do you consider that ongoing EU policy initiatives and/or existing legislation can adequately tackle the outstanding issues, or there is more the EU should do?*

In our view, the ongoing EU policy initiatives through the provisions of the 3<sup>rd</sup> Energy Package (especially under the SoS Regulation) that provide for an enhanced regional cooperation and strengthen the gas competitiveness by converging its prices across EU, may adequately tackle any outstanding issue. The only remaining concern is generalized application of the 3<sup>rd</sup> Energy Package within the EU and effective management of the interface with third countries, be it transit or supplying partners.

*Question 9: a. How do you see worldwide LNG markets evolving over the next decade and what effects do you expect this to have on EU gas market? b. Do you expect a shift away from oil-indexed LNG contracts, and if so under what conditions?*

- a. Learned writers and speakers of the world have spoken volumes of the future of LNG. We summarise our views in a few bullet points below:
  - i. In the medium term, a significant rise in supply is expected, mainly Australia and the US.
  - ii. Simultaneously, big consumers like China and India pose questions as to their uptake of LNG.
  - iii. Bunkering is set to emerge as a sizeable global consumer. LNG-vehicles will follow to a lesser extent.
  - iv. New finds in the Eastern Mediterranean, possibly monetized through LNG facilities, will shift the balance in our neighbourhood.
- b. A shift of LNG contracts away from oil indexation is envisaged by almost all LNG buyers throughout the world, but not from some major suppliers. Shifting globally to hub indexation will require market liberalisation in Asia, where most LNG volumes are destined, accompanied by an organised move by buyers to achieve spot indexation for their quantities. A helping hand is coming in the form of Henry Hub indexed imports into Asia as of next year and currently traded flexible volumes worldwide, often linked to NBP, JKM and other hub-related indices.

*Question 10: a. What problems if any do you see with the functioning of the international LNG market, particularly at times of stress? b. Are there specific actions the EU should take, in dialogue with our international partners, including in trade negotiations, to improve its functioning and/or to make the*

*EU market more attractive as a destination for LNG? c. Could voluntary demand aggregation be helpful in some way?*

a. In recent times of stress, price de-linkage between Europe and other world areas has become prominent with concomitant loss of European cargoes in favour of higher premium markets. More generally, LNG sellers have tended to ride on the wave of the highest global price, be it NBP, Brent, JKM or other suchlike. The obvious cause of this phenomenon has been the lack of abundance of LNG and the lack of liberalization in the premium markets, notably the Far East.

b. We consider liberalisation of gas markets across the world a cornerstone to the solution of delinkage. In this respect, the EU may show its prowess in developing gas hubs and export its expertise to those premium markets that matter. Efforts like building an LNG hub in Singapore may benefit greatly from official backing by the EU. Similarly, initiatives like the Euro-Mediterranean Platform for Gas may build the necessary bridges with producers and non-EU consumers with the same effect.

c. So long as national markets operate under the 3<sup>rd</sup> Energy Package, we see no need for EU central intervention in any form of commercial transactions, including voluntary demand aggregation. It may be more helpful if the EU could negotiate key general rules to be observed by international partners when contracting with EU companies, like for example no-destination-clauses, full-diversion-rights etc.

*Question 11: a. What technological developments do you anticipate over the medium term in the field of LNG and how do you see the market for LNG in transport developing? b. Is there a need for additional EU action in this area to reduce barriers to uptake, for example on technology or standards, including for quality and safety?*

a. We anticipate accelerated efforts to build LNG bunkering onshore facilities, bunkering ships, transshipment capabilities and LNG-propelled passenger and cargo ships. These involve new designs, norms, standards, ancillary techniques and materials etc. We also anticipate a wider spread of buses, vans and trucks fueled by LNG. Similarly, we foresee a higher push in LNG conquering the inland waters transportation in Europe.

b. The EU should advocate among the European population its vision of a clean future through gas, while and where it fits best in the fuel mix. Equally important is for the EU to create social and other bridges for companies and people to make the transition from an oil/coal-based economy to a gas/renewables economy without loss of income and standard of living. This is likely to create a new exportable 'product' for Europe to the rest of the world, further monetising the EU effort.

*Question 12: a. Do you think there are any sustainability issues specific to LNG that should be explored as part of this strategy? b. What would be the environmental costs and benefits of alternative solutions to LNG? Please provide evidence in support your views.*

a. LNG has been often vilified by its opponents because of its high energy footprint (liquefaction) and its polluting shipping, as opposed to pipeline transportation. However, liquefaction processes are continuously driven to higher efficiencies and will do so faster if the EU encourages such evolution. Similarly, LNG shipping is set to shift to almost full LNG propulsion under the ECA regulations, thus eliminating dirty liquid fuels. Bringing comparative Life Cycle Analysis studies to the public, where LNG is compared to pipeline gas with all externalities included, may foster improvements in LNG faster than otherwise.

b. Obvious alternatives to LNG are other forms of natural gas, namely pipeline gas and Compressed Natural Gas (CNG). LNG is superior to both on energy density grounds (3:1 compared to CNG, 600:1 compared to pipeline gas), giving it a clear advantage in flexibility of transport and use. This is especially so, when remote areas and islands are concerned. Compared to oil products, LNG competes with LPG, gasoil and fuel oils. LNG is definitely superior in its pollutants footprint when burnt to all oil products and equipment maintenance requirements; this is a major advantage in sensitive areas like natural habitats, touristic destinations and mega-cities.



## **2. Storage**

*Question 13: What opportunities or challenges do the supply projections for different sources, in particular LNG and pipeline gas and low carbon indigenous sources, present for the use of gas storage/ for gas storage operators?*

Storage can ensure the continuity of gas supply in unexpected cargo delays and pipeline flow reductions or cutoffs safeguarding Security of Supply, meet seasonal swing, allowing shippers to hedge the supply and price risk, improve the efficiency of the transmission system operations, thus lowering operating costs, and in some cases balance markets with specific characteristics, e.g. immature markets with few active suppliers, few interconnections etc. The ability of locating storage near demand allows shippers to balance their daily positions and operators to gain physical system integrity.

It follows that storage will become more important if supply becomes less reliable, demand becomes more peaky and other forms of flexibility, notably LNG becomes either relatively more expensive than stored gas or even scarce. In such circumstances, storage services will thrive, storage cycles will shorten on average and revenues for storage operators will rise.

Predictions offered succinctly, in Question 9 above, may be supplemented by one more, that gas consumption in Europe is likely to hover around current levels for traditional uses (heating, industry, power production), as a possible higher penetration in power production to cover intermittency of ever increasing Renewables may be counteracted by general energy efficiency gains.

It follows that the opportunities offered to storage will largely depend on peaky demand and relative prices of LNG against stored gas. Demand will definitely exhibit sharper and more frequent peaks if renewables continue their drive into their European energy mix and are regulatorily harnessed together with gas to fight their intermittency. Weather may also contribute, if extreme phenomena prevail, but this is far from certain. The choice of building excess pipeline capacity is certainly less attractive than exploiting existing storage, though the balance needs to be checked on a case-by-case basis.

On the relative price front, storage seems to be in for a challenge. LNG is purported to be heading for a glut, in which case, its price will remain at levels close to current. Storage will then have to ensure that its tariffs will render stored-cum-redrawn-and-transported gas competitive against LNG which has been regasified and transported to the point of consumption.

A further challenge has to do with storage services becoming accessible to market players outside the host country of a storage facility posing an obstacle in the optimal use of the facility. In some cases today, this is either prohibited by lack of cross-border interoperability, sheer distance or lack of sufficient interconnection. In some areas of the EU, there is also a lack of trust between neighbouring countries that one's storage will be allowed to feed the other, when both suffer from lack of supply. In other cases, regulation of the host country specifically disallows or discourage use of stored gas by foreign users, under circumstances of crisis. All these barriers need to be addressed centrally by the EU, giving particular attention to (a) building of trust among its members, at least at a regional level; and (b) devising and promoting contractual vehicles for successive swaps that may help overcome prohibitive distances.

A further help by the EU would be widespread education of its populace of the value of flexibility in supply of commodities, including gas, so they may tolerate the necessary cost entailed. This is particularly important for flexibility mechanisms like LNG and storage. Bodies like the IGU, GIE, Eurogas and others may assist in the effort.

*Question 14: Are, in your view, current market and regulatory conditions adequate to ensure that storages can fully play their role in addressing supply disruptions or other unforeseen events (e.g. extreme cold spells)?*

Storage is very important in European security of supply, as it can protect market participants (and final consumers) from supply disruptions. Even though storage competes with other flexibility sources (e.g. LNG, swaps, interruptible contracts etc) a well-functioning market should value these sources (based on their technical characteristics and the contractual terms) in order to achieve security of supply.

To this end the regulatory regime should contribute to a well-functioning market. Non-discriminatory access to storage, sufficient level of stored gas trading and utilization and transparency are of essential importance. In addition ownership structure (e.g. unbundling) and price determination are important characteristics, too. In conclusion, full implementation of the current Network Codes (issued under the 3<sup>rd</sup> Energy Package) is required in order to achieve the completion of the internal energy market.

However the gas markets across Europe (e.g. Eastern European counties vs North-Western ones) vary significantly concerning their development (interconnections, reliance on a single supplier etc). This has a great impact on their ability to address effectively supply disruptions. Therefore, an analysis of the characteristics of each market may be needed to ensure efficient regulatory conditions that do not influence negatively the market. It is pointed out that cross-border access to storage (storage access in adjacent markets) is crucial to promote the efficient gas flows within and between entry-exit systems (regional approach).

*Question 15: As an alternative to mandatory reserves, how could market based instruments ensure adequate minimum reserves?*

Reserves serve the purpose of ensuring supply to customers under circumstances of current supply disruptions, are mainly directed towards protected customers and are limited by the size of storage available to any one member state. Mandatory reserves are useful where governments feel that companies, driven by the motive of profit or the counter-motive of cost, will avoid keeping such reserves. However, (a) in any national market, there is at least one company that values its image and client-relations too much to expose itself to sudden lack of gas, (b) any company would be willing to either keep its own reserves or secure supply at higher, crisis, prices if it were certain it would be remunerated for the extra cost. This second stipulation holds the key for market based instruments. Companies may be allowed to build contractual and pricing such that they maintain monetary reserves to weather a crisis and states – or the EU – need to become willing to fund extra costs that they would not like protected customers to bear, thus socializing the expense. Non-protected customers may be gauged regularly by NRAs as to their appetite for business-as-usual gas supplies, albeit at crisis prices, obtaining valuable knowledge of customers' elasticity of demand and helping companies plan accordingly.

Further, the concept of Value of Lost Load (VoLL), applied in the UK, could be the yardstick of an alternative to mandatory reserves. The price that small customers are willing to pay to maintain supply is set and if small customers are interrupted, they are remunerated with the Value of Lost Load. The VoLL concept has its merits providing an appropriate incentive to market participants to maintain gas reserves and at the same time is a market based measure.

*Question 16: a. Do you have any analysis or view on what an optimal level/ share of storage in a Member State or region would be? b. What kind of initiatives, if any, do you consider necessary in terms of infrastructure development in relation to storage?*

a. There is no magic number for a country or a region. It will inevitably be a number to be regularly reviewed (once every five years or whenever distinctly significant changes to the market occur) and will differ from Member State to Member State and from Region to Region. The basis of such a number will have to be a risk assessment for supply disruption, demand peaks and lack of or complementarity with other flexibility and security of supply mechanisms (i.e. LNG or domestic production). Stress tests undertaken in the context of Security of Supply can give the input for such an optimal level.

b. In our view, the advantages of storage can be exploited if sufficient interconnections exist, allowing for cross-border gas trading, gas flow across countries and flexibility provided by gas purchase contracts. In terms of initiatives, the EU could encourage a thorough technical and commercial assessment of all existing and potential sites for storage, so as to then plan alternatives for development of a well interconnected EU-wide network of storage.

It must be noted that our comments here are restricted to conventional gas storage means, though efforts to help store gas in different forms (Gas to Power, Power to Gas, Gas to Liquids etc.) are known to be pursued.

*Question 17: Do you think, in addition to the existing TEN-E Regulation, any further EU action is needed in this record?*

See the relevant answer to question 3.a above.

*Question 18: a. Given uncertainties over future gas demand, how would you assess the risk of stranded assets (and hence unnecessary costs), lock-in effects, the risk of diverting investments from low carbon technologies such as renewables, delaying a transition in energy systems and how would you weigh those against risks to gas security and resilience? b. What options exist in your view to reduce the risk of stranded assets?*

Please see Question 4.

*Question 19: What do you think are the most critical regulatory barriers to the optimal use of storage in a regional setting?*

Even though achieving regional storage market integration is the aim, security issues, variability of storage fees, potential obstacles and distortions in cross-border access may be the most important constraints to this.

Possible restrictions on the cross-border use of storage between member states should be reviewed. As also pointed in the case of LNG, cross border restrictions prevent market participants from neighbouring countries to access storage facilities, leading to their suboptimal use. A remedy could be the expedited implementation across adjacent countries of a regulatory regime which would be aligned with the 3<sup>rd</sup> energy package .

We understand concerns of the market, that, sometimes, long term storage capacity contracts, in some cases concluded through market tests as a means to trigger storage investment, prohibit market entrants. We share the same concern for storage obligations, in some countries set to safeguard SoS, which may also pose an entry barrier. We propose measures to remove such obstacles, including their design parameters and their frequent

reassessment, be subjected to public consultation. In such consultations, the opinion of market participants, TSOs and NRAs of neighbouring countries should be invited and taken into consideration.

Storage tariffs is another area of concern, please see Question 21.

*Question 20: a. Do you think ongoing initiatives and existing legislation can tackle the remaining outstanding issues or is there more the EU could do? b. Do initiatives need to include additional issues further to the ones described here?*

a. See the relevant answer to question 8 above.

b. We have no additional issues to propose.

*Question 21: Do you consider EU-level rules necessary to define specific tariff regimes for storage only or should such assessment be made rather on a national level in view of available measures able to meet the objective of secure gas supply?*

We refer to transportation tariffs to and from storage facilities. It is necessary to create a level playing field where storage facilities can compete among them on equal terms.

The entry (injection) and exit (withdrawal) transportation capacity tariffs for storage facilities should only recover the costs of integration of the storage facility in the rest of the system, since charges for the use of the rest of the system apply separately, when gas enters the transmission system (entry point capacity charge) before entering into storage and when gas exits the transmission system (exit point capacity charge) after its retrieval from storage. The same holds for transportation commodity charges, which should also only recover costs related to transporting gas to/from storage facilities through infrastructure dedicated to serve such facilities (or equivalent). Unfortunately, this logic is not reflected in the current version of TAR NC, as resubmitted to ACER in July 2015. The EU can intervene to remedy the situation.

A further improvement, in those cases where connectivity exists, would be some degree of standardization of storage products on offer, so that storage users may easily compare and choose and business cases for storage projects may be assessed fairly.

*Question 22: a. Have you encountered, or are you aware of, difficulties in accessing storage facilities? b. Has this concerned off-site or on-site storage facilities? Please describe the nature of the difficulties in detail.*

a. Yes.

b. This concerns underground storage facility in a neighbouring country which remains out of bounds. The requirements set out by the TSO responsible for the storage facility, which would otherwise seem sensible, prevent gas entering into the storage facility, due to a lack of Interconnection Agreements at the relevant IPs (to cater for nominations, matching and allocations), no virtual reverse flow allowed by regulation in the said country and all forward entry capacity to the country having been fully booked by the incumbent. Efforts to resolve these obstacles are underway by all parties involved.

*Question 23: Have you ever encountered, or are you aware of, difficulties relating to feeding LNG gas from the storage site back into the gas network? If so please describe the nature of these difficulties (regulatory provisions, company behaviour, technical problems) in detail.*

Since it makes no commercial sense to receive LNG, regasify it, transport it into a storage facility and seek to feed it back to the gas network, we assume the question refers to pipeline gas already in storage.

We have no such experience.