

# IUK Storage Service



Transmission Workgroup

1 April 2021

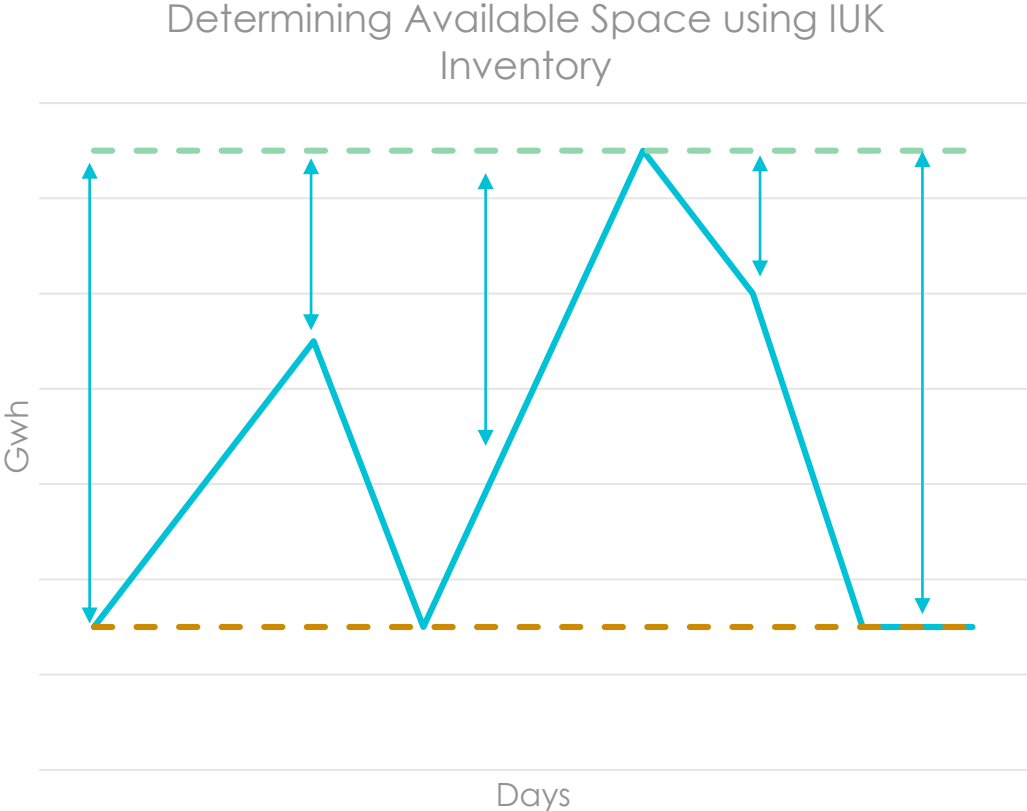


shaping together  
a bright energy  
future

# What is the IUK Storage Service?

IUK is looking to introduce a Storage Service which offers additional flexibility services to the GB market during periods of low utilisation of IUK transportation capacity.

- The Storage Service will be a low volume, fast cycle service offered across short term time periods
- Products will be offered in a similar structure to other storage facilities i.e., as Standard Bundle Units (SBUs)
- Volume offered will be limited and dependent on IUK's anticipated Transportation activity for a given day
- The Storage Service will make use of the variable inventory capability of the IUK system and will be accessed at Bacton only



**Transportation services remain IUK's priority and will remain unimpacted.**



# Benefits of the IUK Storage Service

## For Shippers

- Capture time spreads on NBP, not only NBP-Continent locational spreads.
- Additional flexibility and optionality to accommodate temporary fluctuations
  - (linked to e.g. LNG deliveries, storing gas ahead of use in CCGTs, balancing intermittent renewable energy).

## For the GB Market

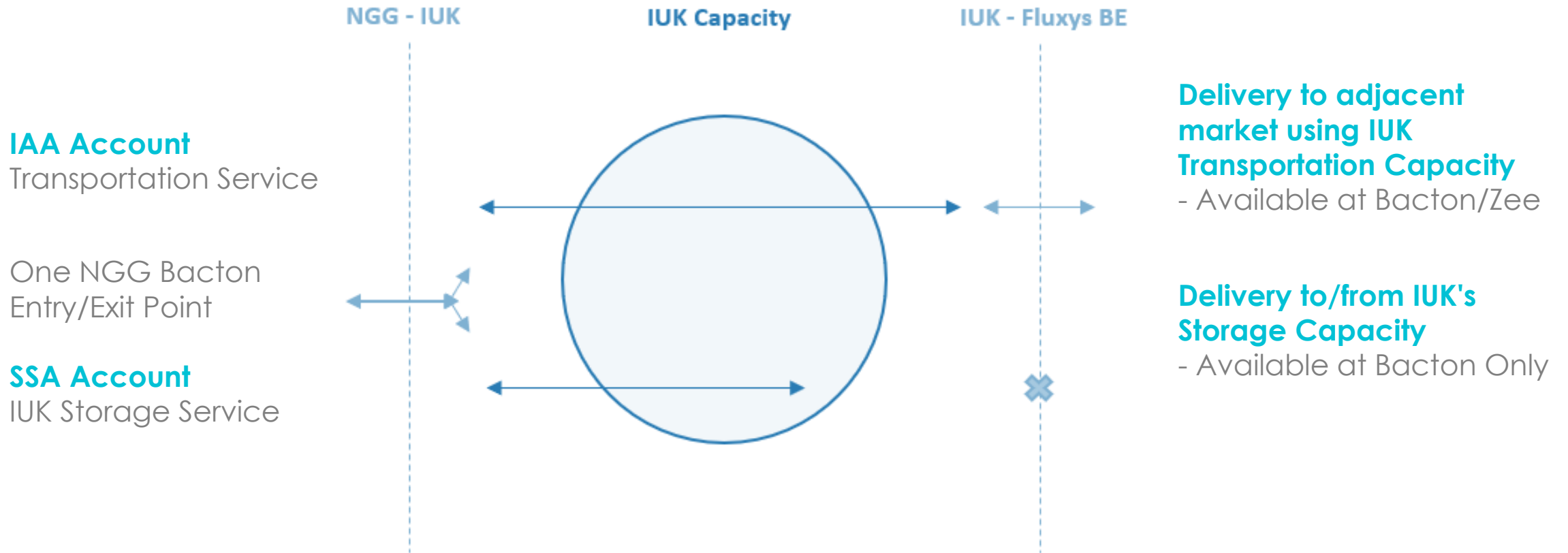
- An alternative source of short-term flexibility to assist with balancing, line pack and diurnal grid adjustments.
- Use of existing infrastructure means investment in new capacity or physical asset is not required.
- Improved regional flexibility helps with grid configurations or local constraints, providing savings to National Grid and consumers.

IUK's gas storage improves security of supply and reduces balancing costs for the GB market, to the benefit of GB consumers, without requiring consumer or regulatory underwriting.



IAA = IUK Access Agreement  
SSA = Storage Services Agreement

## Separation of Transportation and Storage Services



Shipper nominates into IAA Account or SSA Account depending on intended use of system.

Separation allows for a correct application of the specific NTS charging discounts available for Storage Users.



## Regulatory considerations

### The IUK Storage Facility will be operated by Interconnector (UK) Ltd;

- Clear separation between transportation and storage (*as per previous slide*)
- Separate Contractual Terms
- All in line with Standard Condition 6 of IUK's Gas Interconnector Licence.

### Gas Storage is not a licensable activity under the Gas Act 1986;

- IUK does not require any additional licensing from Ofgem in relation to the proposed Storage Service.

### IUK's current business model is negotiated third party access (nTPA)

- IUK will not seek an exemption and so the Storage Service will also be nTPA
- Adheres to section 19B of the Gas Act 1986, Section 17D of the Petroleum Act 1998 and conforms with the Third Gas Directive.



# Any Questions?

**Sarah Cooper**  
Commercial Manager  
[Sarah.Cooper@Interconnector.com](mailto:Sarah.Cooper@Interconnector.com)

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