

English version – Executive Summary and chapter 6 of the
“Report on the situation in the Austrian flexibility and
storage market 2025”
(Reporting period 2022 – 2024, according to § 98 (2) Austrian Gas Act
(GWG) 2011)

1) Executive Summary

Due to the energy-policy developments triggered by Russia’s war of aggression against Ukraine, natural-gas storage facilities have become increasingly important both in Austria and across Europe during the observation period covered by this report (1 January 2022 – 31 December 2024).

Because storage levels were low in winter 2021/2022 and because of uncertainty regarding gas flows from Russia, legal adjustments were made at both the EU and national levels. The principal EU measure was the introduction of mandatory storage-level targets starting in 2022. Within this framework, a bilateral agreement between Austria and Germany was concluded for the cross-border storage sites Haidach and 7 Fields. In Austria, both supply-side measures (implementation of a strategic “use-it-or-lose-it” rule, establishment of a strategic gas reserve, loss of the storage-operator rights of GSA LLC, and connection of the Haidach storage) and demand-side measures (obligation for protected-customer suppliers to hold a minimum amount of storage, permission to inject “protected” gas volumes) were implemented.

As a result, the number of storage customers increased, while a large customer withdrew from the market. Storage system operators adapted product sizes to customer needs, thereby enabling access for smaller users (industrial customers). The strategic “use-it-or-lose-it” rule and the loss of GSA LLC’s operator rights released 21 TWh of capacity. The strategic gas reserve will keep 20 TWh of working gas volume unavailable for marketing until 1 April 2027. Following the reallocation of GSA LLC’s capacity at the Haidach storage, RES now holds the largest share of Austrian storage capacity with approximately 36 % (36.3 TWh) of the working gas volume, out of a total of about 100.1 TWh.

On the supply side, the number of storage operators in Austria decreased with GSA LLC’s market exit. Depending on the geographical definition of the market, this has varying effects on supply-side market concentration. When the market is defined solely by storage operators in Austria, the Herfindahl-Hirschman Index (HHI) rose from 2021 to 2024. The same upward trend is observed when the Slovak storage is added to the market definition. With a narrower market definition, HHI values remain virtually unchanged. A significant shift would occur only if the market definition moves from the narrow “Market

Area East + Slovak storages” to the broader “Austrian and Slovak storages” scope, which would be feasible given with a fixed transport capacity from Haidach into MG East.

During the reporting period 2022-2024, demand for different storage products and switching behaviour among storage customers were evident. International traders booked capacity with several storage system operators. Throughout the period, storage facilities were booked and filled to more than 90 %. Storage movements were market-driven for both traders and suppliers; however, suppliers also had to meet statutory obligations to ensure security of supply. Allocation of available capacity was primarily conducted through auctions, with a growing share of bilateral allocations at some storage system operators.

Analysis of competition indicators for 2022-2024 shows that auction-derived storage fees were at times higher than those observed in other Member States of the European Union where auction prices are published. Moreover, the demand side has become more fragmented (new storage customers) while the number of suppliers has remained stable (or even declined, depending on the market definition).

Storage customers who are legally required to hold storage capacity for security of supply reasons or to fulfil delivery contracts exhibit a higher willingness to pay to meet these obligations. These are storage customers that either supply end-customers or are end-customers themselves. For end-users (households as well as industrial customers), storage fees constitute a component of the overall energy cost that is passed on by gas suppliers who act as storage customers. Consequently, a high price level in the storage market translates, albeit modestly, roughly 5 % to 10 % into higher gas prices for end-users. It is expected that these storage obligations will persist beyond the reporting period.

The market regions of Tyrol and Vorarlberg have no storage facilities and therefore no Austrian storage operators that need to be considered in the competition analysis.

Based on the analysis of the indicators set out in the Gas Storage Act (GWG), E-Control’s competition assessment for the 2022-2024 reporting period concludes that maintaining negotiated access to storage capacity remains justified.

Nevertheless, market transparency regarding capacity allocation and price levels should be improved through supportive measures. Potential actions, as described in chapter 6, ought to be discussed between storage system operators and (prospective) storage customers with the regulator’s involvement. In addition, amendments to the Austrian Gas Act may be required to refine the legal framework for negotiated access (e.g., more detailed rules for allocation procedures).

Future developments in the storage market such as booking trends and the evolution of network-use fees, as outlined in chapter 6 will be incorporated into the next report on the Austrian flexibility and storage market covering the period 2025-2027.

2) Chapter 6 - Assessment of the competitive situation 2022-2024 and outlook

The present report shows that, during the reporting period 1 January 2022 – 31 December 2024, the gas market – and particularly the storage market – found itself in an exceptional situation. The interaction of all market participants (storage customers, storage system operators, authorities, institutions) functioned adequately insofar as the primary and overarching objective – a high level of gas-storage inventories and, consequently, the assurance of security of supply – was achieved, albeit partly at a considerable additional financial cost for the market participants. This financial burden was triggered primarily by the energy-policy changes that resulted from Russia's war of aggression against Ukraine.

Continue to apply negotiated access to storage capacity

In the view of E-Control, the period 1 January 2022 – 31 December 2024 was characterised by a functioning competition on the Austrian storage- and flexibility-market that was appropriate to the prevailing circumstances, which were especially challenging from an energy-policy perspective for all market participants and, in particular, for storage system operators. The following indicators generally support the existence of a competitive environment in the storage market and therefore justify the continued apply of negotiated access to storage capacity:

- > The storage products offered by the operators are regarded as substitutes: storage customers often hold contracts with several storage system operators and may switch.
- > Storage system operators have responded to changes in demand with product adjustments (demand-induced adaptation of storage products).
- > The development of storage prices was comparable to that observed in other EU Member States.
- > The availability of storage capacity was sufficient to meet demand.

In addition, the improved quality of transport products (fixed-capacity products) for the connection of the Haidach storage makes a broader geographical market definition feasible in the future, thereby mitigating supply-side market concentration. This also argues in favour for continuing the apply of a negotiated access to storage capacity.

The analysis of competition indicators 2022-2024, however, revealed that auction-derived storage fees were at times higher than those recorded in other Member States of the European Union where auction prices are published. Moreover, a stronger fragmentation of the demand side (new storage customers) can be observed while the number of suppliers has remained unchanged (or even declined, depending on the market definition).

Storage customers that are legally obliged to hold storage capacity for security of supply reasons or to fulfil delivery contracts exhibit a higher willingness to pay to meet these

obligations. These are storage customers that either supply end-customers or are end-customers themselves. For end-users (households as well as industrial customers), storage fees constitute a component of the overall energy cost that is passed on by gas suppliers who act as storage customers. Consequently, a high price level in the storage market translates albeit modestly, roughly 5 % to 10 % into higher gas prices for end-users. It is to be expected that these storage obligations will persist beyond the reporting period.

Gas suppliers for end-customers have fewer possibilities for economic optimisation in storage management than large gas traders, who, as storage customers, can optimise through their procurement and infrastructure portfolios.

Enhancing market transparency through measures

To reduce transaction costs for storage customers with limited optimisation possibilities and to support competition even under a changed market structure, E-Control considers it essential to increase market transparency on the demand side.

When allocating storage capacities, a central, daily updated overview of available capacities in Austria could increase market transparency, like the presentation on the AGSI platform, but detailed for each storage system operator in Austria and extending beyond the current storage year. Considering the deadlines for suppliers to provide proof of the booking of storage capacity when setting auction dates could also be an improvement. To ensure that announced auction volumes are available, a “lock-out” period for bilateral allocations could be introduced for the duration of the planned auction capacity. Unawarded capacity may subsequently be allocated bilaterally. Publishing the actual marketed storage capacities after each auction would also contribute to transparency.

Both for bilateral allocations of non-standardized products and prior to auctions, information on the applicable storage prices should be provided as an indicator. Currently, storage system operators apply minimum prices in auction rounds; allocations are only made when bids meet or exceed these thresholds. The setting of minimum prices is at the discretion of the storage system operators and is not uniformly transparent to all interested storage customers. Storage system operators determine minimum prices on a cost- and market-value basis, considering the contemporaneous summer-/winter-spreads and the expected future time value.

This practice has occasionally resulted in situations where demand far exceeded the capacity offered, yet no prize was made because bids fell below the minimum price. The unawarded capacity was then re-offered later. Making the calculation methodology of the minimum price (market-value-oriented vs. cost-oriented) publicly available would enable bidders to assess whether participation in a particular storage system operator's auction is economically attractive. This is especially relevant for storage customers that supply end-customers and do not primarily use storage for trading purposes, thereby reducing their transaction costs. Moreover, storage system operators should ensure equal treatment of all storage customers with respect to information on minimum prices.

These and similar measures should be implemented to increase transparency for storage customers and ought to be discussed between the storage system operators and their (potential) storage customers with the involvement of E-Control. In addition, amendments to the Austria Gas Act (GWG) may be required to refine the legal framework for negotiated access (e.g., more detailed rules for allocation procedures).

Future development of the Austrian flexibility and storage market

For the further evolution of the Austrian storage market the following points should be considered:

For the storage year commencing 1 April 2025, capacity is already almost fully allocated, and for the subsequent storage year starting 1 April 2026 the majority of capacity is also booked. From the 2027 storage year onward, however, a substantial portion of capacity remains unbooked, and free capacity is expected to increase further up to 2030. This is partly due to the expiry of long-term storage contracts and may also reflect the reluctance of storage customers to commit to medium- to long-term contracts in a dynamic gas- and storage market. Depending on the customer mix (suppliers vs. traders), this development could have differing effects on the booking situation of individual storage system operators. A more detailed analysis of future booking trends will be possible in the next competition assessment for 2025-2027, given the closer temporal proximity.

Storage obligations as well as the strategic reserve are expected to remain a component of demand and tied-up storage capacity in the next reporting period, although the exact magnitude cannot yet be quantified.

Network fees for storage will rise in 2026. The volume-based network fee for gas discharged from the transmission system will increase from 0.00 EUR/MWh (2024) to 0.13184 EUR/MWh (2025) and will be reduced to 0.11963 EUR/MWh (2026). Capacity charges will see a substantial increase in 2025 compared with 2024 (both 0.44 €/kWh/h for Penta West and MAB): Penta West will rise to 2.15 €/kWh/h and MAB to 1.07 €/kWh/h. In 2026, further increases are foreseen 3.78 €/kWh/h for Penta West and 1.87 €/kWh/h for MAB. Transport capacity is booked by the storage system operator on behalf of the storage customer and can be passed on accordingly; however, storage customers continue to incorporate this component into their bids when acquiring storage capacity, as they have done in the past.

These developments will be incorporated into the next report on the Austrian flexibility and storage market covering the reporting period 2025-2027.