

# Westminster Energy Forum

**Industry Energy Security Review Panel**



Interconnector – Steven De Ranter

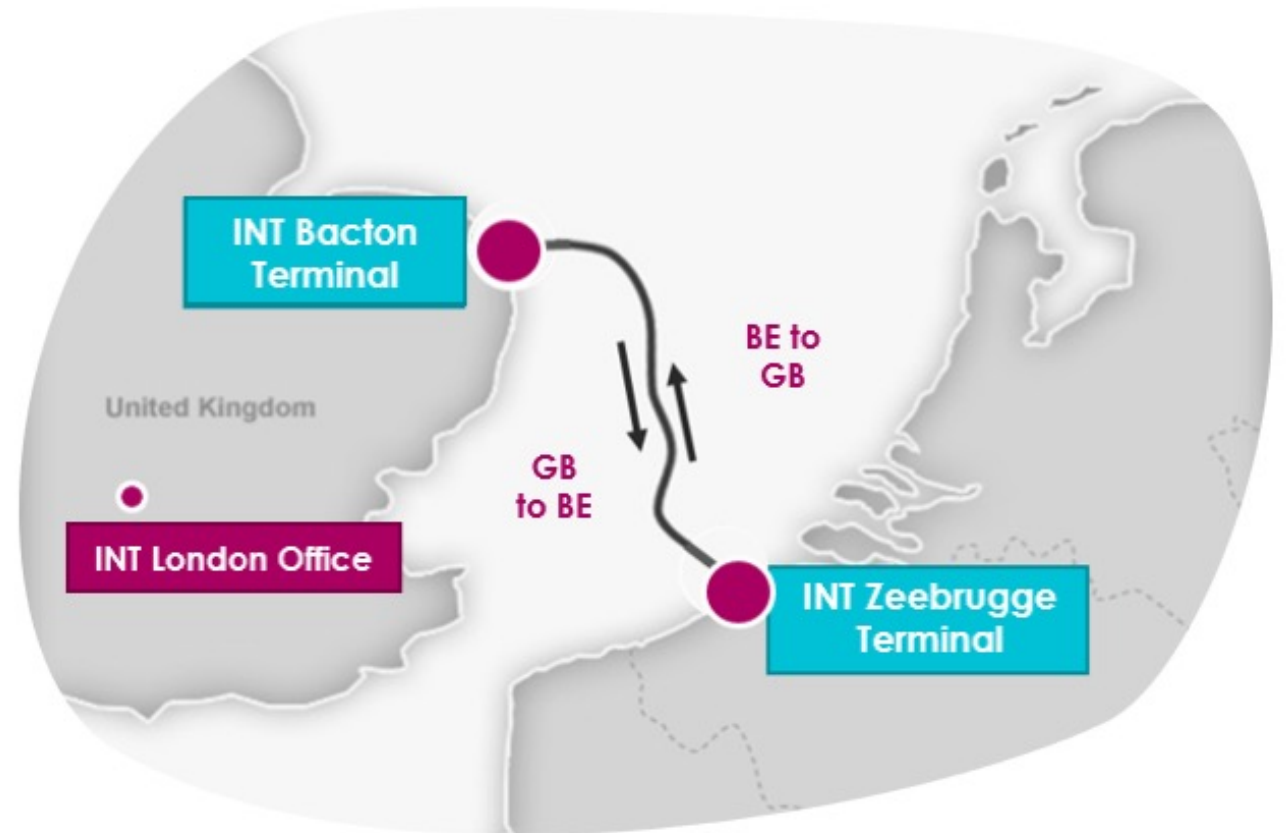
**1 March 2023**

# Interconnector – the largest import and export pipeline connecting the GB market to North West Europe

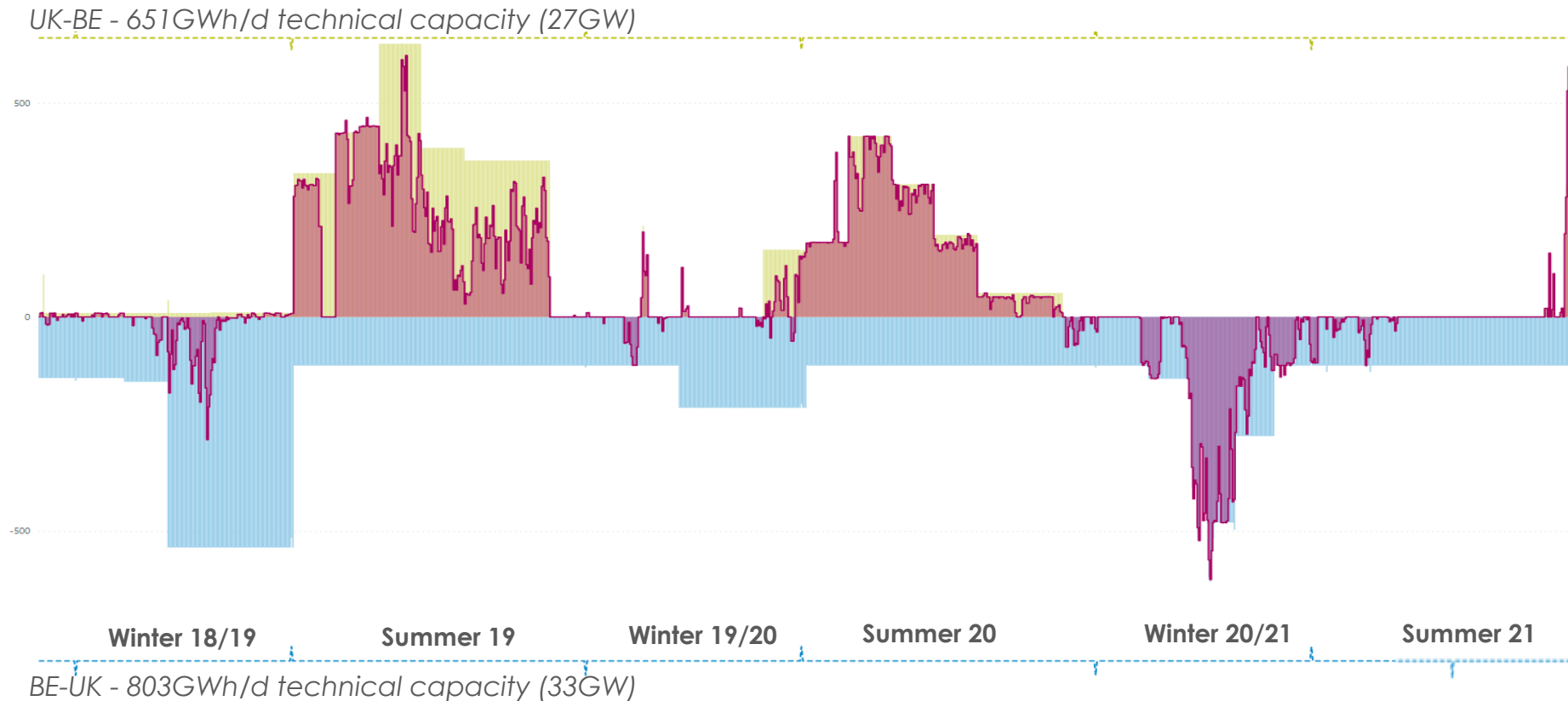
UK to BE: 20bcm/yr (**651GWh/d**)  
BE to UK: 25.5bcm/yr (**803GWh/d**)

Majority owned by Fluxys NV,  
With pipeline, LNG terminal and  
storage activities across Europe and  
South America

Pipeline in operation since 1998,  
originally set up to export North Sea  
gas to Continental markets. Soon  
after also began importing into GB



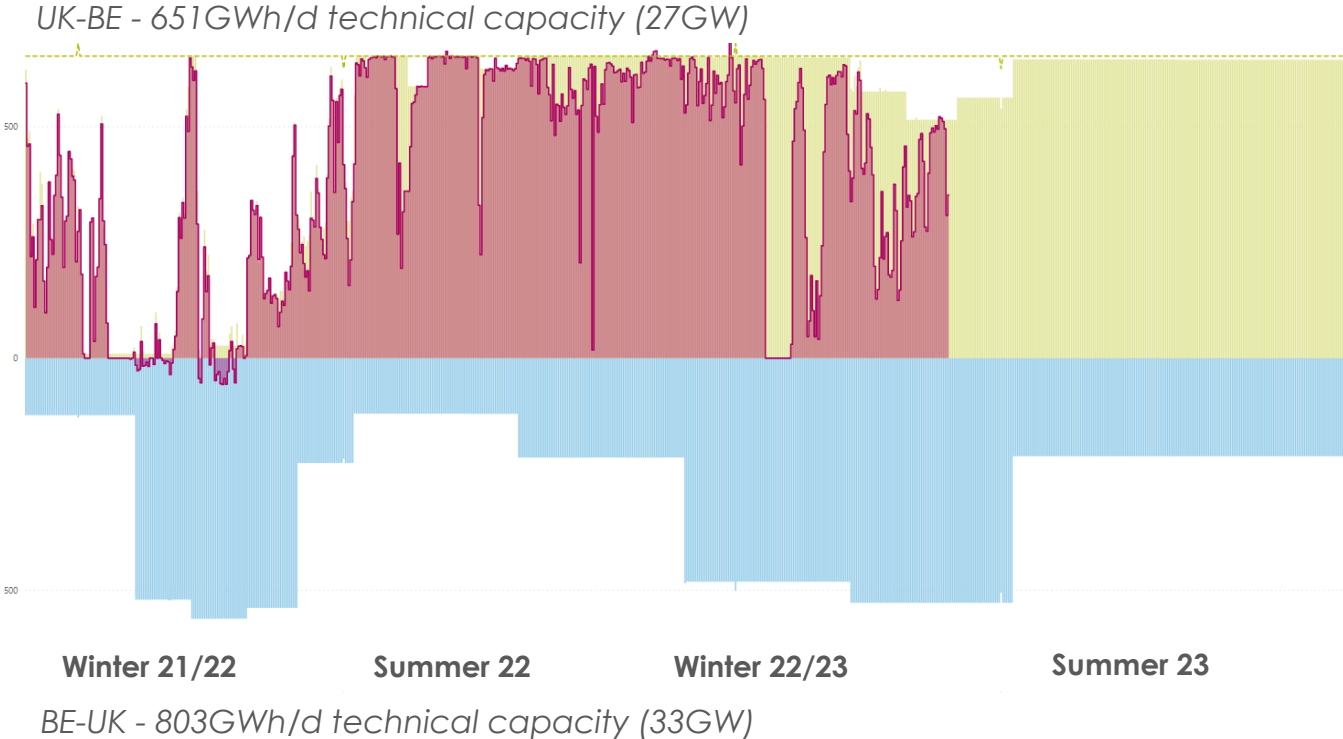
# Seasonal import/export patterns across INT since 1998...



- Typical pattern is for UK to export to EU in Summer, and import in Winter.
- Variations y-o-y dependent on weather, and LNG supply to Europe vs. Asia
- INT markets gas transport **capacity**, actual utilisation may be different, as market conditions evolve between moment of booking and utilisation



# Since Sept 2021, Interconnector has been in GB export mode, illustrating the change in European flow patterns




- Sustained high GB - BE flows.
- Record 169TWh transported GB-BE during 2022; est. 31% of European storage filling in BE/NL/DE/FR
- Flows expected to continue in 2023 as Europe seeks to address the Russian supply challenge.
- Shippers have taken large positions on Interconnector for Winter22/23 and future years – in both directions.

Strategic importance of Interconnector for cross border trade and security of supply continues



# A few observations 2022 + forward look to Winter 2023

- Mild winter
  - Rerouting of Global LNG to Europe + Demand reduction / response
  - Infrastructure has performed well
  - Commercial arrangements are working well & should be maintained for the future.
- 
- *“next winter could prove a greater challenge if the continent suffered colder weather’ ... ‘being overconfident ... is risky and it is time to continue and step up efforts for 2023” (Birof, IEA)*
  - No fundamental evolution in European Supply/Demand picture in one year; limited global LNG supply growth. Storage filling levels likely to be high going into Winter 23, just like Winter 22. No ‘additional’ buffer.
  - Infrastructure exposed to additional wear & tear, O&M requirements.
  - Build out of (some) additional import infrastructure - still constrained by loss of Russian flows & routes
  - Regulatory interventions & their effects still to become visible; apart from the Mandatory Storage Filling, most only came into effect in 2023.



# Recommendations

1

## Continued investment in network infrastructure required

- **Networks heavily utilised** during 2021-2022, increased O&M requirements
- **Networks have demonstrated** their value for SoFS, Affordability and consumer welfare; interconnection helps to absorb shocks
- **Network costs remain very small (in relative terms)** to the value they provide to markets & consumers; lesson learned during 2022: cost-benefit assessment to include risk considerations.

2

## Security of Supply through cooperation at supra-national level

- Global and regional **interdependency** clearly visible during 2021-2022
- Aim should be to **facilitate imports and trade** between EU and UK – that's why alignment and compatibility of energy trading arrangements are crucial

3

## Carefully consider regulatory or legislative initiatives, esp. in cross border context

- Regulatory and commercial arrangements on INT have worked well.  
**Flexibility** enables infrastructure operators to **adapt to changing market circumstances**
- Number of **market interventions** remain untested; concern about **unwanted effects**, especially in a cross-border context.



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