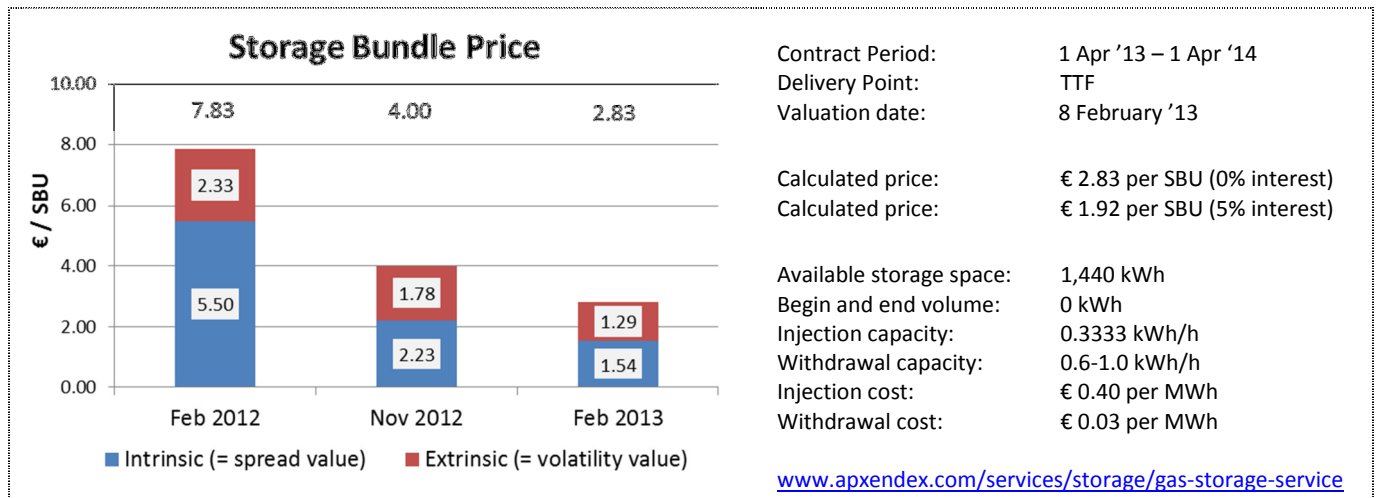


## KYOS independent analysis – February 2013

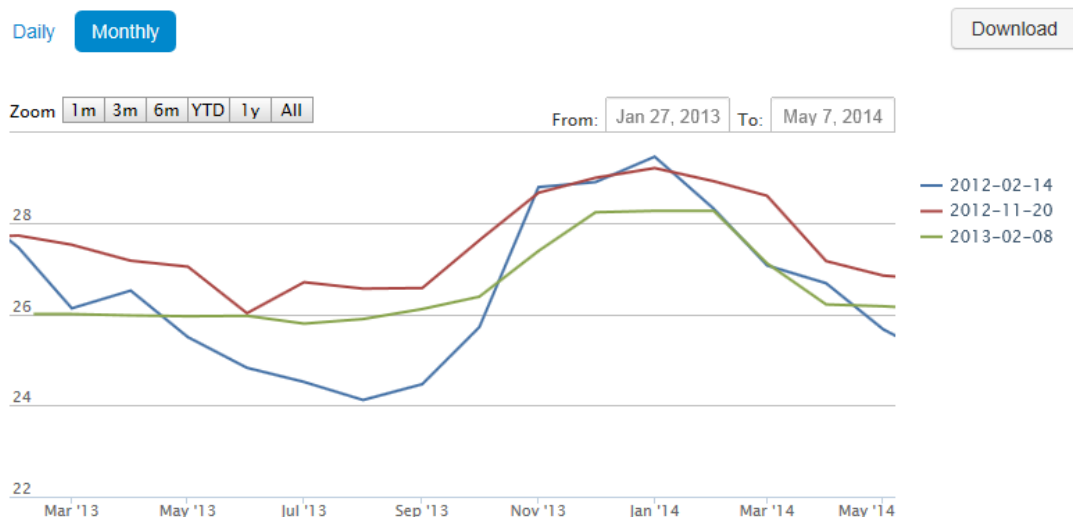
# GasTerra gas storage value declines 31% further to € 2.83 / SBU

GasTerra offers virtual gas storage capacities in the Netherlands. Capacity for 2013/2014 is auctioned twice: on 28 November 2012 the first auction led to a price of 3.63 €; the rest of the capacity is auctioned on 13 February 2013. This Standard Bundled Unit (SBU) has been valued with the KyStore software. The estimated value is 2.83 € per SBU. This is 1.17 lower than estimated in November, and even 5.00 € lower than February last year.



Last year, we estimated the value at 4.00 €/SBU. The decline of 31% to is about equally caused by a further tightening of the winter-summer spread and of a lower market volatility. The spread between Q1-14 and Q3-13 went down from 2.29 to 1.80 €/MWh (Endex closing of 8 February 2013). The spot volatility of the previous half year went down from 36% to 31%, and the volatility of the forward curve (year-ahead and winter-summer variations) declined too.

The calculations use 3 front months and 4 quarters to lock in the intrinsic value on the TTF market. A bid-ask spread of 0.20 €/MWh is assumed for all products, including spot. Forward prices are from Endex. Prices are shaped to a monthly and daily level ([www.pricecurves.com](http://www.pricecurves.com); graph below) to generate Monte Carlo simulations of spot and forward prices. The calculated full option value is based on a spot trading strategy including forward hedges, making it possible to secure most of the full storage value. See <http://www.kyos.com/gas-markets/software/kystore>. Our calculations assume a zero discount rate. The rate has a big impact though; with 5% the value goes down from 2.83 to 1.92 €/SBU.



For more details or a trial account to make your own KyStore calculations, contact us at [info@kyos.com](mailto:info@kyos.com).