

**MARKET FOR HIGH
DELIVERABILITY GAS STORAGE
FROM SALT CAVERNS
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ABSTRACT

A boom in new gas storage activity reflects recent and proposed action by the Federal Regulatory Commission (FERC) which has created a new competitive environment in the natural gas industry.

Large gas consumers such as utilities, electric power plants and industrials are now participating in the direct purchase, transportation and storage of their own gas supplies, services formerly provided by interstate pipeline companies.

In addition to the traditional use of storage by consumers for seasonal peak shaving, storage can be justified for several other purposes; including needle and daily peak shaving, emergency back-up, and price and supply balancing. Also, under the new open market environment, storage can be an attractive option for producers and brokers.

Salt cavern storage by virtue of its high deliverability and ability to be cycled frequently, has a distinct advantage over conventional types of storage fields and should play a significant role in meeting this new storage demand.