

# **SOLUTION MINING RESEARCH INSTITUTE**

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**Meeting  
Paper**



## **The Value of Salt Cavern Storage in the Natural Gas Market**

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Underground natural gas storage has a variety of economic justifications, depending on the perspective of the entity attempting to value the facility or the service. In traditional rate making, the value attached to natural gas storage service is determined by the avoided cost economics of service alternatives such as no-notice service. While avoided cost still plays a role for utilities, the value of natural gas storage is now evolving to value the services which are realized from expanded gas sales. This presentation will review the following:

- Changing rate making methodologies; and
- Present economic rationale for natural gas storage users;
- Evolving uses of salt cavern storage.

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