

Vereinigung der FNB Gas e.V.

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Your message dated	Your reference	Our reference	Date
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Append(ix)(es)

Subject **German Gas Network Development Plan Gas 2022-2023 consultation**

Dear Madams and Sirs,

We refer to the FNB consultation on the German Gas Network Development Plan Gas 2022-2032 published on your website on 21 June 2021 (hereafter, the "Document"). We would like to respond to the consultation as follows.

Wallbach as allocation point for new gas power plants

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As already pointed out in previous consultations towards FNB Gas and BNetzA on the NDP 2020-2030 process, FluxSwiss reiterates its opposition to the exclusion of Wallbach from the list of allocation points for the new planned power plants in Germany (section 3.2.2 of the Document).

This approach clearly appears as unbalanced: if approved, Wallbach and the Southern corridor to supply Germany would be penalised against all other entry points. This priority of allocation to the detriment of Wallbach does not seem to be grounded neither on technical nor commercial requirements.

Therefore, FluxSwiss supports a prompt reconsideration of the proposal currently reported in the Scenario Framework for the NDP 2022-2032 so that Wallbach is duly taken into account as allocation point at least for some of the new planned power plants in the Southern German region.

After all, not more than four years ago Wallbach was included in the list of allocation points for power plants (see paragraph 6.3.2 of NDP 2016-2026 dated 16 October 2017) in consideration of the Reverse Flow investment performed by Snam, FluxSwiss and Fluxys TENP/OGE to bridge the Italian gas hub PSV with NCG.

Since then, the liquidity of the PSV hub has been constantly increasing as a consequence of a wide variety of supply sources (gas imported from Russia, Algeria,

Libya, Azerbaijan, LNG terminals, Northern-European hubs, domestic production) competing with each other on a daily basis to fulfil the demand. In this respect it is worth mentioning the start of commercial operations on the TAP pipeline transporting Azeri gas to Italy at the end of December 2020.

As a result of this increasingly diversified supply mix, the Day-Ahead spread between PSV and NCG plunged remarkably from an average of 1.8 EUR/MWh (from January 2017 to December 2020) to 0.52 EUR/MWh in the period January 2021 to June 2021. In particular, in approx. 25% of the trading days, the DA spread between PSV and NCG was negative, with peaks at -1.5 EUR/MWh. It is evident that nowadays Wallbach may represent a viable and economic option to supply the German market.

In our capacity as main TSO acting on the Transigas pipeline, FluxSwiss is offering approx. 10 GWh/h of physical Reverse Flow capacity from Passo Gries to Wallbach on any possible product duration (from yearly/monthly capacity regularly auctioned to Within-Day capacity offered via our own Digital Platform 24/7 accessible to registered shippers).

As a matter of fact, such transit capacity from Italy to Germany ensuring physical deliveries at entry Wallbach has already been activated for the supply of the German market in the scope of the Load Flow Commitment tenders launched by terranets bw since several years: FluxSwiss has been constantly supporting the Security of Supply of the Baden-Württemberg region with its own capacity connecting the Italian and German hubs, in cooperation with terranets bw.

Most of all, following the assignment of the Karlsruhe power plant to Wallbach (section 3.2.1 of the Document) some dedicated capacity bookings were performed by a German shipper on the FluxSwiss network to ensure the supply of the power plant with gas sourced from South of Wallbach in case of congestion in the NCG area. A similar set-up could be easily put in place if other power plants are associated to Wallbach as allocation points.

Furthermore, based on our understanding of the Market-Based Instruments to be implemented once the THE market merger is finalised, physical flows from Wallbach could play an important role to decongest the newly designed market area and reduce the need of MBLs.

In this context, FluxSwiss questions the exclusion of Wallbach from the list of allocation points considering that some of the new planned power plants are located closer to Wallbach than any other Interconnection Point. We refer in particular to new power plants located in the bayernets and terranets bw networks, where the application of a proximity criterion most likely would have resulted in the identification of Wallbach as allocation point.

For the above reasons, FluxSwiss is strongly recommending reinstating Wallbach among the allocation points listed at section 3.2.2 of the Document at least for some of the new planned power plants.

We remain available to further discussing our position at your convenience.

Yours sincerely,
FluxSwiss Sagl

Erik Vennekens
Chief Executive Officer

A stylized signature consisting of a horizontal line with a wavy, zig-zag pattern in the center, flanked by two short horizontal lines.

Lorenzo Dondi
Regulatory Advisor

A handwritten signature in cursive script, appearing to read 'Lorenzo Dondi'.