

FNB Gas
info@fnb-gas.de

Gasunie Transport Services B.V.
P.O. Box 181
9700 AD Groningen
Concourslaan 17
T +31 50 521 22 55
F +31 50 521 19 15
E info@gastransport.nl
Trade register Groningen 02084889
www.gasunietransportservices.com

Date	Telephone
12 July 2019	+31 6 1100 5932
Our reference	Your reference
L 19.0024	
Subject	
Response to the consultation of the draft scenario framework for the NDP Gas 2020-2030	

Dear Sir, Madam,

On 17 June 2019 the German gas TSOs published the scenario framework for Gas NDP 2020-2030 for consultation. GTS welcomes the opportunity to participate in the consultation process for the NDP 2020-2030 by means of this letter as well as via our participation in the consultation workshop on 1 July in Berlin. We are pleased that the scenario framework addresses the need for additional H-gas capacity from Germany to the Netherlands in order to ensure security of L-gas supply in Northwest Europe. However we do not see this reflected in the capacity assumption in the Gas NDP 2020-2030.

The Netherlands currently provide a lot of transit flow and flexibility to its neighbouring countries. Therefore the recent developments in the Netherlands will strongly influence the security of supply in whole Northwest Europe, including Germany. To assess this, GTS requested ENTSOG to recalculate several TYNDP scenarios. Based on these recalculations GTS concludes that the current capacity towards Oude Statenzijl is insufficient to accommodate the required flows. Additional H-gas is needed in the Netherlands to supply H-gas and L-gas for German, Belgian, French and Dutch consumers. Therefore it is of utmost importance that the capacity on the German side is expanded with at least 12 GW of firm capacity. This investment is necessary to maintain security of supply in Northwest Europe. We therefore would like to ask you to include the expansion of capacity from Germany to the Netherlands of at least 12 GW in the German Gas NDP 2020-2030 to enable sufficient H-gas and pseudo L-gas flows for both the Dutch and neighbouring countries like Germany.

In this letter we will explain how we came to this conclusion.

The Netherlands need more H-gas import to compensate accelerated decline of production.

National production in the Netherlands is declining due to exhausting production of small fields and measures taken to reduce the probability of earthquakes in the Groningen area. Developments have accelerated in the last months due to recent earthquakes. The goal to stop production as soon as possible in terms of volume and capacity has been set. The State Supervision on the Mines of the Netherlands has recently advised an even faster than anticipated reduction of production from the Groningen field: a maximum of 12 bcm (average temperature profile) for next gas year 2019/20.

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This advice was taken over by the Dutch Government. As a consequence less Groningen gas will be available. As a result Dutch production reduces between 2012 and 2022 with about 60 bcm. Furthermore, capacity availability is further tightened due to the foreseen closure of the underground storage of Grijpskerk in the Netherlands. Yet these developments have not been included in the scenarios for the German NDP 2020-2030.

GTS is taking several measures to compensate for the lower production of L-gas from the Groningen field. One of the most important measures is the construction of a new nitrogen production facility. This new facility is planned to become operational in Q1 2022. It will enable GTS to convert more H-gas to L-gas to meet market demand in Northwest Europe.

As a consequence the Netherlands will need additional H-gas supply, on top of the current H-gas flows. This additional supply is needed to meet Dutch demand, but also to maintain exports/transit towards Germany and other Northwest European countries. Norwegian supply is already producing at plateau level and therefore not expected to close the gap. Additional supply has to come from either Russia or LNG. LNG supply will be largely dependent on prices and therefore is not reliable to guarantee capacity. It is therefore expected that a big part needed flows will come from Russia via the Northern part of Germany. That is why it is important that the German NDP 2020-2030 also considers additional East to West flows.

ENTSOG calculations show security of supply problems in Northwest Europe.

ENTSOG Ten Year Network Development Plan (TYNDP) monitors the adequacy of the European gas transmission system on a bi-annual basis. TYNDP 2018 being the latest and most current edition. However, this version of TYNDP does not (completely) consider the recent developments concerning the Groningen production and the closure of a gas storage. Therefore GTS requested ENTSOG to recalculate several scenarios to correctly reflect new developments.

Based on these recalculations and our own analysis, GTS draws the following two conclusions:

1. In a cold year, unrealistic high utilisation of the import capacity from Germany to the Netherlands, being a load factor of almost one, is required to supply the Netherlands (and the surrounding countries) with sufficient gas volume. GTS believes that it is not realistic to rely on such a high load factor.
2. Following the European Security of Supply regulation, security of supply can no longer be met in Northwest Europe after 2021 and demand curtailments are necessary. In case of high winter demand the flow of H-gas that can reach the Netherlands is insufficient to meet H-gas and L-gas demand in the region. A peak day in the Sustainable Transition scenario shows a demand curtailment of up to 290 GWh/d, or roughly 12 GW. In case some infrastructure unavailability is assumed the demand curtailment will be even higher.

In order to solve these issues, GTS wants to emphasize that it needs at least 12 GW of additional supply capacity from Germany to the Netherlands. We therefore propose to include this as firm capacity in the German Gas NDP 2020-2030. The ENTSOG calculations also show that such an expansion helps improving security of supply.

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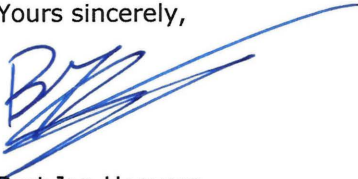
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This effectively eliminates demand curtailment in the beforementioned scenario. Thereby making sure that all demand in Northwest Europe can be met, provided that there is gas available to be sent to the Netherlands.

Future cross border cooperation to ensure security of supply in northwest Europe

GTS proposes to further cooperate with relevant stakeholders in the Netherlands, Germany and Northwest Europe, including governmental bodies and national regulatory agencies, to maintain Security of Supply in both our countries. GTS highly values the German-Dutch history of open, constructive and mutually beneficial cooperation on gas market development and Security of Supply. And we look forward to continuing this fruitful cooperation in the future.

Yours sincerely,



Bart Jan Hoevers
CEO