

Consultation response

of the German TSOs to the draft
Dutch Network Development Plan 2015
(NOP)

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1. Introduction

The German TSOs organized in the German Association Vereinigung der Fernleitungsnetzbetreiber Gas e.V. (FNB Gas) would like to use the opportunity to respond to the consultation document for the Dutch Network Development Plan 2015 published by Gasunie Transport Services (GTS) on 13 May 2015.

FNB Gas is the association of German transmission system operators, i.e. the operators of the major supra-regional and cross-border gas pipelines. The association was established at the end of 2012 and has operated an office in Berlin since April 2013. One key focus of the association's activities is the German Network Development Plan Gas (NEP Gas), which has been drawn up annually by the TSOs since 2012. Furthermore, the association represents its members as a point of contact for politicians, media and the public.

The market conversion from L-gas to H-gas due to the declining Dutch and German L-gas production represents a major challenge to the North-West European natural gas market. The challenges are addressed in chapter 6.2.4 "Expanding H-gas export and import capacity between the Netherlands and Germany for L-gas market conversion in Germany" of the draft NOP as well as in the NEPs.

In chapter 6.2.4 of the draft NOP the DNV GL study "Ergebnispräsentation, Transportalternative NL: H-Gas-Transportmöglichkeiten unter Einbeziehung des niederländischen Fernleitungsnetzes" on behalf of GTS and published as part of the consultation (DNV GL Study)¹ is referenced. The German TSOs analysed the proposals made in the DNV GL Study and published the results of this analysis in chapter 7.4 "Transportalternativen" of the draft NEP Gas 2015 published on 1 April 2015. In order to share the results of this analysis, the German TSOs contribute to the GTS consultation of the draft NOP 2015 by providing a translated version in chapter 2 below.

For avoidance of possible doubt, the German TSOs would like to point out that this translation is provided for convenience and that the legally relevant version of the text is the German version included in the draft NEP Gas 2015 of 1 April 2015.

2. Transport alternatives

The national regulatory authority Bundesnetzagentur (BNetzA) obliged the German TSOs in Tenor 8 of the confirmation of the scenario framework for the NEP Gas 2015 of 6 November 2014 to explain how competing projects of European network development plans which could provide alternative transport routes to projects proposed in the NEP were assessed and thereupon taken into account in the NEP. In particular, known European investment projects which have an influence on the NEP have to be taken into account in the development of the NEP Gas 2015. As an example, BNetzA refers to the DNV GL Study which was provided by N.V. Nederlandse Gasunie and GTS in the consultation of the scenario framework for the NEP 2015 and which contains proposals for alternative projects to the projects ZEELINK 1 and 2 as described in the NEP Gas 2014. BNetzA asked the German TSOs to check whether such alternative projects are being introduced into the TYNDP 2015-2024 and to take such contribution into consideration when developing the NEP Gas 2015. Furthermore, BNetzA obliged the German TSOs to explain whether an inclusion of such alternative projects could replace current projects.

¹ <http://www.gasunietransportservices.nl/en/transportinformation/nop-2015-2035>

Transport alternative in the Dutch transport system

In line with Tenor 8 of the BNetzA confirmation of the scenario framework for the NEP Gas 2015 of 6 November 2014 the German TSOs hereby provide the results of the analysis of the proposals provided in the study conducted by DNV GL on behalf of GTS (DNV GL Study, see above) and included in the consultation response of N.V. Nederlandse Gasunie and GTS in their joint response to the consultation of the scenario framework for the NEP Gas 2015.

In the development of the scenario framework for the NEP Gas 2015, the German TSOs used the TYNDP 2013-2022 which was the most up-to-date TYNDP version at that time. The TYNDP 2013-2022 neither contains projects corresponding to the projects described in the DNV GL Study nor provides other projects which might be suited to provide an alternative to the ZEELINK projects (which include two pipeline projects and one compressor project). As the TYNDP 2015-2024 was not published, no further conclusions were possible in the development of the draft NEP Gas 2015.²

The results presented in the DNV GL Study refer for example to an improvement of the security of supply and diversification of transport routes. However, a substantiation of such improvement by way of quantifiable results is not provided. Therefore, an objective comparison cannot be carried out at the moment.

It is proposed in the DNV GL Study to construct two pipelines from the Netherlands to Germany from Tegelen to St. Hubert and from Winterswijk to Legden instead of the ZEELINK project. Furthermore, three compressor stations as well as three metering and regulation stations would be required. These measures would require an investment volume of 385 Mio. Euro. The method for the derivation of the investment volume is not completely analogous to the methods applied in the NEP. Therefore, a full direct comparison of the alternative projects is currently not possible. First assessments of the corrections which are required to improve the comparability show a convergence of the investment volumes.

Furthermore, a comparison solely based on investment costs cannot be considered as appropriate. Instead, an analysis of annual costs including operating costs and other yearly costs is essential. Taking the use of the Dutch transport system implied in the DNV GL Study for the German regulatory regime into account, additional recurrent costs would apply to shippers of the German transport system.

The ZEELINK project is the central part of the stepwise market conversion from L-gas to H-gas which is required to continue the supply of natural gas those German NCG market area regions which are currently supplied by Dutch and German L-gas also beyond 2025. This additional benefit is not discernible in the current version of the DNV GL Study.

Apart from the development of connections to new southern and western H-gas sources, the ZEELINK project includes intermediate exits from the transport system to the distribution systems and thereby enables the stepwise market conversion of regions currently supplied by L-gas to H-gas. The German pipeline systems connected to the Dutch-German cross-border points Winterswijk und Zeevenaar provide for entry capacities of 15 GWh/h and 20 GWh/h respectively. Due to the limited yearly market conversion capacities, the gas quality cannot be switched in one step at these cross-border points. The currently foreseen reduction of L-gas exit capacity due to the declining L-gas production of the Groningen gas field is about 5 GWh/h per year. The ZEELINK project enables the mar-

² Additional information on the timing of the publications: The draft NEP Gas 2015 was published on 1 April 2015, the consultation document for the TYNDP 2015 was published on 31 March 2015.

ket conversion section by section as the pipeline runs in parallel to existing L-gas pipelines or is crossing existing L-gas pipelines. Applying the projects proposed in the current version of the DNV GL Study, such sectioning requires the construction of additional pipelines, which would need to be at least in part oriented at the routing of the ZEELINK project. Furthermore, the ZEELINK project provides a connection of the OGE pipeline Rysum-Werne of PN 84 and the Belgian transport system of 80 bar. By using the Dutch transport system designed for a nominal pressure of 67 bar, additional compression would be needed.

After completion of the market conversion from L-gas to H-gas (past 2030) it is foreseen to use the ZEELINK system to integrate the former L-gas areas into the H-gas transport system in order to contribute to freely allocable capacities of the NCG market area in these former L-gas areas. The projects proposed in the current version of the DNV GL Study cannot provide this function.

Beyond the issues addressed in the transport alternative of the DNV GL Study a number of important issues would need to be solved within a short time period. Among these are:

- the applicable balancing model
- cost positions of regulatory relevance
- access rights in case of congestion and emergencies as well as
- operating within the different legal and regulatory regimes.

In the past experiences of OGE and Thyssengas in trying to solve specific cross-border issues show that also for minor operational issues a solution could not be found even in the long run.

In summary it can be concluded that the projects proposed in the current version of the DNV GL study do not provide a sufficiently specified transport alternative to the binding projects of the NEP Gas 2014. Due to the planning status of the DNV GL projects and the large number of open fundamental questions, the projects proposed in the DNV GL study do not provide a timely realizable alternative to the ZEELINK project.

Instead, the DNV GL Study provides suggestions to improve security of supply and to diversify transport routes for cross-border natural gas transport within Europe. The ZEELINK project is not implemented to provide an alternative to existing transport routes. Instead, it is foreseen to preserve the basic cross-border capacities also after completion of the market conversion from L-gas to H-gas. Furthermore, the ZEELINK project provides for a robust transport system with respect to alternative H-gas sources, as it also strengthens connections to the cross-border exits to the Netherlands. Accordingly it is intended to maintain the current L-gas entry capacities also after completion of the market conversion (2030 and beyond) and to provide the flexibility required for the secure and efficient supply of the German natural gas market with future additional H-gas quantities. The involved German TSOs plan to agree the changeover of the existing capacities between Germany and the Netherlands from L-gas to H-gas and the preservation of the cross-border capacities in a binding multilateral agreement between the involved parties.

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