

Thyssengas GmbH, P.O.Box 10 40 42, 44040 Dortmund

Gasunie Transport Services B.V.
9727 KC Groningen
Concourslaan 17
The Netherlands

By e-mail

Dortmund, 10 June 2015

Comment on Network Ontwikkelingsplan 2015

Dear Sir or Madam,

The stakeholders of the Network Ontwikkelingsplan 2015 (NOP) are invited to give their comments to the NOP and its annexes. Thyssengas appreciates this opportunity to comment the NOP published on May 13th 2015.

In chapter 6.2.4 Gasunie Transport Services (GTS) mentions the conversion of the German L-gas market areas to H-gas beginning in 2020 due to the declining production of the Groningen field. The L-gas capacity provided by GTS today is about 47 GW. GTS announced a decline in steps of 5 GW/a. Consequently the market conversion process in Germany will cover a period of 10 years.

The challenge for the German network operators is to identify the regions which can be converted from L- to H-gas step by step. Therefore the regions supplied with L-gas today have to be segmented in regions about 5 GW each. The first areas converted after 2020 will be the Frankfurt region – the most southern region supplied with L-gas. Beginning in this area the “line of conversion” will move in north-western direction towards the German-Dutch border.

As already addressed in Netzentwicklungsplan Gas 2015 (NEP) the reduction of available L-Gas capacity is supposed to affect first the southern cross-border-points Zevenaar and Winterswijk. As long as 5 GW per pipeline in L-gas capacity have to be supplied at these points a conversion of gas quality is not possible.

For the interim period between beginning and end of market conversion the existing L-gas network in Germany has to be segmented according to the announced declining availability of L-gas.

Thyssengas GmbH
Kampstraße 49
44137 Dortmund

T +49 231 91291-0
F +49 231 91291-2012
I www.thyssengas.com
VAT-ID-No. 119497635

Managing Directors:
Dr. Axel Botzenhardt
(Chairman)
Bernd Dahmen
Chairman of the
Supervisory Board:
Prof. Dr.-Ing. Klaus Homann

Registered office:
Dortmund
Registered at local court
Dortmund
Commercial register no:
HR B 21273

Bank connection:
Commerzbank Essen
Bankcode 360 400 39
Account No. 140 2908 00
IBAN:
DE64 3604 0039 0140 2908 00
BIC: COBADEFFXXX

In the annex to the NOP GTS attaches the study "Transportalternative NL". This study was carried out by DNV GL on behalf of GTS. Thyssengas does not share the view on the conclusions and recommendations of this study.

Reconciling the process of market conversion of the German network operators presented in the NEP with the approach of GTS shown in the study Thyssengas asserts that the proposal of DNV GL in the study is not able to meet the requirements of the market conversion process.

Below Thyssengas explains the reasons for this evaluation:

As an alternative to Zeelink 1 including compressor station Rheinland, DNV GL suggests to build a connection in form of a PN 70 system between Tegelen (near Venlo) and St. Hubert (near Krefeld).

This alternative provided for further use of pipelines currently running on L-Gas in the Netherlands.

As a major benefit of the proposed alternative DNV GL puts lower investment costs (about 260 m. €) compared to 433 m. € for Zeelink 1 including compressor station Rheinland.

In our opinion the comparison of mere investment costs and projects does not go far enough without a more detailed examination of local conditions.

The distance data used for the comparison of investment costs by DNV GL are subject to verification.

After a first check there is some evidence that the distances given are merely aerial distances.

As a general rule the licensing authorities prefer the construction of additional pipelines parallel to already existing infrastructure (joined courses), therefore the possible length of gas pipelines are probably longer than mentioned in the study.

The calculated costs for Zeelink 1 and 2 already include price increases for the respective time of construction.

The study however does not make it clear, whether such considerations for variations are carried out according to an equivalent system.

Zeelink 1 will be built as a 100 bar system. Zeelink 1 starting point is Eynatten. From this point gas quantities from Belgium (LNG terminals in Zeebrugge and Dunkirk) as well as quantities from TENP out of a reversed flow direction can be fed not only into the supply of NETG In direction to St. Hubert but also in the existing pipeline Stolberg Porz.

There is no comparison between the claimed saving of investment costs to the additional transportation charges. In this case the transportation cost (entry + exit) of GTS must be added to the 16 GW mentioned in the study. A rough estimate of 3 € per kWha (entry + exit) would lead to an additional financial burden of 48 m. € per year in case of a constant booking over a year's period.

As an alternative to the Entry/Exit usage of the system in the Netherlands a leasing model should be examined as well. In order to do so, lease payments for asset objects, which are required for the transport in areas of the Netherlands, must be identified according to German Agreement on network fees (Netzentgeltverordnung) and if necessary have to be presented to the BNetzA in a verifiable way.

Even the organisation of the gas transport across the Netherlands needs further discussions. To be comparable to Zeelink 1 this organisation of transport would have to be executed without a request for nomination but in range of the normal period of time.

The pipelines in the Netherlands would therefore become extraterritorial. The compatibility of the regulation regime in the Netherlands would have to be examined accordingly. Moreover it should be ensured that gas quantities, which are exported in extraterritorial pipelines within the NCG market area according to this model, do not interact with the accounting system of the Netherlands.

Zeelink 2

Zeelink 2 is supposed to create a connection between St. Hubert and Legden. The main driver for construction of this pipeline is the L-/H-Gas Conversion as it is with Zeelink 1. This pipeline enables the gas storage in Epe to supply the areas actually depending on L-Gas. This system likewise is planned to work as a 100 bar system.

As Zeelink 2 intersects with the pipeline "Winterswijk Werne" and "Bentheim Dorsten" it offers the necessary in between supply during the step-by-step conversion from L to H-gas even for these two pipelines.

Winterswijk Legden – in "Transportalternative NL" addressed as alternative to ZEELINK 2 - likewise is supposed to be executed as a 70 bar system. The result is that a safe feeding in the pipeline Rysum-Werne (PN 84) in Legden would be impossible without the construction of additional compressor capacity. Furthermore it is not clearly stated in the study where and to which extent the alternative Winterswijk Legden can provide the necessary segmentation.

Seite 4

Supplementary Conclusion

The study does not highlight which advantages the supply of gas from Dunkirk and Zeebrügge can offer when transporting gas across the Netherlands instead of the direct approach from the German-Dutch border to Germany itself.

The economic assessment is incomplete without consideration of transportation fees. Although the report points to the fact that questions concerning regulatory issues may need further clarification, the details involved however are not yet specified.

Overall it seems to make sense initially to clarify the regulatory frameworks first, before further detailed technical examinations are carried out.

The Thyssengas estimation is that the time schedule for the market area conversion in Germany beginning in 2020 is too tight to finalize the necessary agreements in this complicated issue. Although the projects proposed by GTS are no alternative to ZEELINK they can contribute to enhance the system flexibility and the security of supply.

Kind regards

Thyssengas GmbH


Dahmen
ppa. Behmer