



The Security of Supply is guaranteed.

The supply of natural gas is safe. This principle was reliable for many decades. Has this changed at all due to the strict unbundling between the triumvirate of network operators, storage operators, and gas traders? What if, temporarily, no more gas came at the exit points? Who might be at fault? How can that be avoided?

This would be the case, if the space was used at full capacity: due to increasingly warm winters, network users reduce stockpiling in storage and optimize their import sources, regardless of the networks. Network operators market their networks down to the last kilowatt without buffers for contingencies. Storage operators increasingly turn away from the classic summer-winter business and seek short-term profit opportunities.

Until now, the German gas market was robust, even in extreme situations - in spring 2013, for example, when a cold snap in Britain triggered gas exports from Germany to the west of previously unknown size. But there is a potential risk of negative effects on the German gas market

if the balance is disturbed by external forces - such as political or financial problems in a transit country - as occurred in 2009 and 2012 due to reduced transit supplies through Ukraine. In particular, during the extremely cold February of 2012, the transmission system in southwestern Germany could completely meet demand due to the lack of gas feeds from the Czech Republic.

National Challenges for the Security of the Supply of Natural Gas

The success of liberalization must not obscure the fact that the interaction of the triumvirate of network operators, storage operators, and gas traders in the past three winters went perhaps only so smoothly because these winters were significantly warmer on average than the long-term average and because the price of gas has reached a record low since 2015. Thus, both transport capacity and natural gas were abundantly available.

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Nevertheless, the transmission system operators (TSO) in particular have put the operation of the market in extreme situations into question since 2013, because gas stores were regularly insufficiently filled by the beginning of winter or were already depleted too quickly in December. During a cold spell, the latter may lead to the market areas buying insufficient control energy, or the TSO might not be able to transport the control energy to the exit points due to transport bottlenecks.

For such eventualities Regulation EU/994/2010 prescribes, in terms of maintaining security of supply, a three-step approach: first, the natural gas undertakings must take all possible measures. Then the Competent Authorities of the Member States and, finally, the EU must do the same. The set of instruments ranges from market-based measures - contractually regulated between the market

certain entry zones for the winter months to secure control energy. The resulting option premiums are paid via the control and compensation energy account. Simultaneously, the FNB were tasked with establishing in the gas sector so-called "demand side management" with industry agreements for load shedding.

Doubts about this "insurance of the current gas balancing system" should not be raised, because, in particular, the product call options here represent a very effective confidence measure. Thanks to the tendering procedure, a price of the security of supply may be determined and, at the same time, lay the foundations for derivatives trading in the gas sector.

Conclusion

Germany, as a central hub for natural gas in Europe, has numerous mechanisms in place to ensure the security of supply



Albert Kobbe

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“It is safer to urge the natural gas undertakings to provide more money for contractual arrangements”

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players - to non-market-based constraint statements, which are normally imposed by the authorities at the initiation of an emergency plan.

The use of non-market-based measures such as curtailing exit points is indeed also possible, but is always connected with significant risks due to a lack of contractual obligations. It is safer to urge the natural gas undertakings to provide more money for contractual arrangements, meaning market-based measures work for longer. These arrangements cost money - like an insurance policy - but they guarantee the functioning of the market even during extreme winter days.

In an issues paper from December 2015, the Federal Ministry of Economic Affairs appealed to the FNB to take precisely these additional market-based measures to strengthen the security of supply. These provide that the market area managers buy call options for natural gas at

for domestic and foreign gas consumers in a fully unbundled natural gas market. Therefore, a gas crisis due to technical reasons or insufficient gas stock levels is less likely than ever.

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Note: The consideration of the current situation in a European context - also taking into account the findings of the EU Commission and the relevant draft amendment of Regulation EU / 994/2010, which should enter into force in 2017 - can be found in one of the next issues.

OUR NETWORK

GRTgaz Deutschland is implementing the national Gas Network Development Plan (NDP Gas 2014) in Rothenstadt.

As part of the national Gas Network Development Plan (NDP Gas 2014), GRTgaz Deutschland and Open Grid Europe are building a new MEGAL compressor station of 45 MW at Rothenstadt.

A comprehensive package of measures

These include three new gas turbine-driven compressor units of 15 MW each complete with ancillary systems such as station inlet filters, meter runs and gas coolers. In addition, a new interconnection station will be built to connect the new station to the existing gas transmission networks.

The planned compressor station will provide the storages in Austria with more capacity and increase the capacity of the high-pressure gas transmission system for transportation from north to south and south to north.

Please click [here](#) to the video "Construction work in Rothenstadt".

 New Compressor Station Rothenstadt	
Power	3 units of 15 MW each
Estimated Cost	144 millions € (GRTgaz Deutschland: 79 M€)
Commissioning	December 2018
Progress of the Project	FID (February 2015) Compressors tender (August 2015) Start of works (March 2016)



GRTgaz DEUTSCHLAND

For you, we have redesigned our homepage and here are the benefits: A comprehensive overview at a glance.

Basic information in focus

All essential information is displayed directly on the start page. An interactive map gives an overview of the current network utilisation. On the right-hand side you can find all data about network balance, nominations and physical flows.

Quick access to favourite websites

In order to further enhance the user-friendliness, we have introduced one-click links with access to your favourite websites such as "Available Capacity" or "VTP Prices".

Important data on a yearly calendar

Stay informed about any maintenance work at our interconnection points by checking the yearly overview at the bottom of the page and with access to further details just a click away.

Go and explore our new [start page](#).

Mini Tech-QUIZ

Test your knowledge.

To what extent are the German TSO planning the network development in the "NEP 2016"?

- Between 50 and 100 measures and 200 and 400 MW power
- Between 100 and 150 measures and 400 and 600 MW power
- More than 150 measures and 600 MW power

Quickly select the correct answer to be in with a chance of winning a bottle of Crémant! *

*The winner will be drawn from all correct entries received

IMPRESSUM

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