

- Department 6 -

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16 May 2023

Gas Network Development Plan (NDP) 2022-2032 by the transmission system operators (TSOs)

Here: consultation on the draft Gas NDP 2022-2032 presented by the TSOs (31 March 2023)

The transmission system operators submitted the draft of a joint national network development plan to the Bundesnetzagentur on 31 March 2023 in accordance with section 15a of the Energy Industry Act (EnWG). The regulatory authority is now seeking views on the draft NDP from all current and potential network users, as provided for by section 15a(3) EnWG.

The TSOs' draft Gas NDP 2022-2032 is available on the Bundesnetzagentur's website at <u>www.bnetza.de/entwurf-nep2022</u>. The Bundesnetzagentur invites you to structure your comments and views on it as set out below. Respondents are free to comment on some or all of the following points or on other issues:

Modelling of the transmission systems

(1) Input parameters for modelling

As one of the main input parameters used in the modelling is the network users' capacity, this has to be shown in line with requirements for the modelling results to be of high quality. How would you assess the capacity of the different network users used in the modelling? Have capacity requirements been sufficiently taken into account?

(2) Gas power stations

The suitability of allocation points for firm, dynamically allocable capacity usually depends on their offering access to a liquid trading market and sufficient capacity. Do you consider the allocation of new gas power stations to the storage facilities/cross-border interconnection points for the purpose of modelling with firm, dynamically allocable capacity to be comprehensible? Do you think the allocation points have sufficient liquidity and capacity? Which alternative allocation points could usefully be assigned to individual power plants?

(3) LNG capacity

In the LNGplus B and LNGplus C variants, the TSOs have formed three entry clusters from which natural gas is to be fed into the German transmission system. These have different levels of entry capacity. Are the LNG capacities included in the LNGplus B and C variants for the Wilhelmshaven, Lower Elbe and Baltic Sea clusters comprehensible and sensibly chosen?

(4) Modelling results

The TSOs have put forward LNGplus C as their favoured network expansion variant. Do you consider that this variant includes all the necessary measures or would you prefer a different variant? Do you have any comments on individual measures (please state the identification number)?

Climate protection concept

(1) Industrial demand

The TSOs have argued against modelling new demand from industrial customers with dynamically allocable capacity in future because they consider the additional expenditure of network customers for dual procurement to be unjustifiable. However, in considering whether this additional expenditure is reasonable, it must also be noted that given the deadline of 2045 for decarbonisation set out in law, any need for expansion must be viewed critically as the new infrastructure will only be able to be used for natural gas for a limited period of time. With this in mind, is it appropriate to impose additional expenditure (from a certain time? immediately?) caused by the need for dual procurement on industrial customers with new demand for natural gas that might generate expansion?

(2) Internal orders by the distribution system operators (DSOs)

The climate protection concept proposes doing away with the "perpetuity guarantee" set out in section 11 of the Cooperation Agreement between the Operators of Gas Supply Networks in Germany (KoV) in order to make the process of internal orders more flexible in the interests of decarbonisation and to enable the conversion to hydrogen. Should this proposal be included in the next update of the KoV? What would be an alternative arrangement to balance security of supply and decarbonisation appropriately for the necessary expansion of the network?

(3) Consumption reduction and LNG capacity

In the TSOs' consultation, some responses were received citing studies about a greater/lesser reduction in consumption, calling into question the TSOs' estimate of a 20% reduction in volume. The amount of LNG capacity used in the LNGplus variants was also the subject of criticism from some quarters. Taking account of peak load situations in the network is key for the modelling in the NDP. Where do you see specific areas for adjustment in order to meet the objective of decarbonisation in network development planning and at the same time ensure security of supply, even during times of peak load?

Future modelling issues

(1) Modelling approaches

The TSOs propose modelling an additional scenario-based approach with a period of t+15 (t=year). The Bundesnetzagentur expects this to be very important in future given the need to pursue the legal target of greenhouse gas neutrality by 2045. How can it be ensured that there is a close connection with specific requirements? How can the (decreasing) demand for natural gas continue to be taken into consideration? Is modelling with different time periods (t+10 and t+15) suitable for intersecting the demand-based with the scenario-based approach?

(2) Time period in scenario-based modelling

Would it make sense to calculate the scenario-based modelling with a time period of t+10 as well in order to dovetail the two approaches more closely? What are the arguments *for/against* a scenario-based modelling with t+10? What could happen if the network expansion measures identified as a result of the scenario-based and demand-based approaches are different? How could demand be adjusted according to the target of greenhouse gas neutrality that is the basis of the scenario-based approach?

(3) Long-term fore casts of DSOs

How can the process of checking the DSOs' long-term forecasts for plausibility be improved? Should political objectives (such as the requirement being discussed to run newly installed heating systems on at least 65% renewable energy from 2024 onwards) be reflected in the long-term forecasts?

(4) Capacity-increasing measures

The TSOs have not, as requested by the Bundesnetzagentur, modelled an additional variant with market-based instruments, pointing to a lack of historical data, lack of liquidity and the difficulty of foreseeing political decisions.

Would it make sense to add modelling of the use of capacity-increasing measures (eg market-based instruments) as an alternative to network expansion at this stage, even if it led to delays in the ongoing NDP process?

Would it make sense to include modelling of the use of capacity-increasing measures (eg marketbased instruments) as an alternative to network expansion in the next NDP cycle, in order to make capacity available over a longer period of time, or will this issue not be relevant since capacityincreasing measures are no longer to be expected for the gas networks in the long term?

Conversion of natural gas lines to hydrogen

(1) Future use of the gas network

In light of the expected steep decline in the use of natural gas from the early 2030s onwards and the end to the use of fossil natural gas by 2045 at the latest, how do you view the future use of natural gas? Do you agree that a large part of the natural gas network can, and should, be used for hydrogen or other green gases in the future?

(2) Identification of gas supply lines that could potentially be used for hydrogen

In accordance with section 113b sentence 1 EnWG, the TSOs may identify gas supply lines that could be converted for use with hydrogen in future, provided it is shown that the remaining transmission system can meet the capacity requirements that form the basis of the scenario framework. The NDP may include minor measures to expand the natural gas network to this end (section 113b sentence 2 EnWG). In the draft NDP 2022 – 2032, the TSOs have identified lines that might be converted. Do you find their methods and results plausible and comprehensible?

Market players are hereby invited to comment on the draft Gas NDP 2022-2032 (as at 31 March 2023) and on the above questions. Comments may be made jointly and should be submitted in electronic format (eg data stick or email) **by 13 June 2023** to:

Bundesnetzagentur Referat 623 Postfach 8001 53105 Bonn Email: <u>NetzentwicklungsplanGas@bnetza.de</u>

The Bundesnetzagentur intends to publish the original responses on its website. We therefore request respondents to indicate which parts contain business or trade secrets or personal data, where applicable also of third parties. If business and trade secrets and personal data are not indicated, permission to publish the response will be assumed.