gasunie transport services

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Consultation of the planning assumptions to determine the required Groningen production

Planning assumptions for gas year 2024/25

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Three topics

- **Consultation of the planning assumptions used for modelling the Groningen production**
- **Legal framework in the near future**
- **Security of supply in the future**

Legal framework

- Before the start of the gas year, GTS has the statutory task to advise the State Secretary on the minimal needed capacity and volume from the Groningen field for the security of supply for the coming gas year.
  - In this advice, GTS needs to describe the optimal method and means to minimize production from the Groningen field.
  - The planning assumptions form the basis for this advice.
  - This advice is due before the first of February before the actual gas year starts.
- During a gas year, GTS must report any significant deviations from modelled in supply or demand in the gas market, which could affect the required Groningen production.
- After the gas year GTS has the statutory task to report to the State Secretary how the realized usage of the G-gas/L-gas means and methods deviate from the model used to calculate the minimal Groningen production for security of supply.

Evaluation gas year 2022/23 - overview

- In January of 2022, we advised the State Secretary of Mining on the necessary production from the Groningen field for the security of supply in 2022/23.
- In February of 2022, the situation changed drastically with Russia's invasion of Ukraine and the extreme decrease of Russian supply
- Because of the insecure situation, GTS, TNO and the Mijnraad advised not to close any production locations on the Groningen field in the winter of 2022/23
- The State secretary followed this advice in the decree ("Vaststellingsbesluit") in September 2022.
- In January 2023, we advised the State Secretary of Mining on the necessary production from the Groningen field for the security of supply in 2023/24. For security of supply, the availability of all eleven production locations on the Groningen field is needed.

Evaluation gas year 2022/23 - overview

- Realized number of degree days is 1996.
- Small deviation between the modelled and realized G-/L-gas demand on yearly averaged basis.
  - Model predicted a G/L-gas demand of 317 TWh while realization showed 290 TWh.
- Allowed Groningen production volume has been produced.
- No back-up volume was needed.

The evaluation shows that GTS performed its legal tasks in such a way, that an optimal contribution was made to minimize the production from the Groningen field with existing means and methods.

Modelling market demand and supply: capacity

Since gas year 2022/2023 Groningen field is used as a back-up: to safeguard the security of gas supply in line with European regulation[1], capacity is required on the Groningen field.

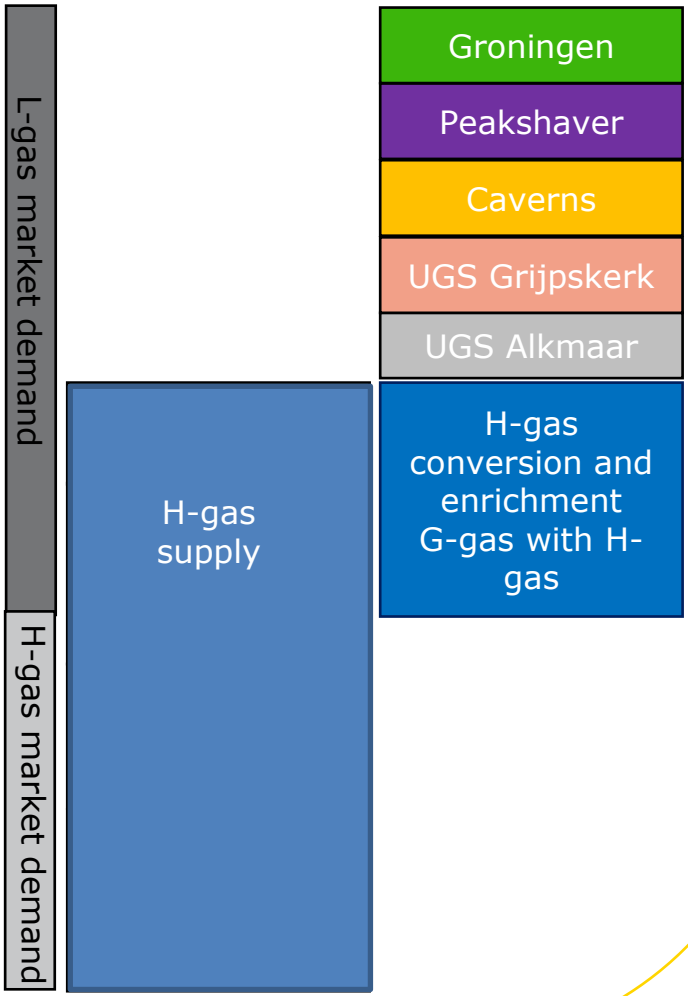
- the regulation states that there must be sufficient capacity to fulfill an exceptionally high gas demand occurring with a statistical probability of once in 20 years in the event of a disruption of the single largest gas infrastructure.

Assumptions

- Single largest infrastructure (capacity) = UGS Norg
- Once in 20 years is translated to a daily average effective temperature

Method

- Determine the market capacity demand, for H- and L- gas at the calculated temperature
- Use all facilities at the available capacity (excluding Norg)
- Use Groningen to close the gap: that is the required Groningen production capacity for security of supply



[1] in line with European Regulation 2017/1938, article 5

Demand assumptions

- Domestic H- and L-gas demand
  - Klimaat- en Energieverkenning 2022. Possible correction based on the evaluation of gas year 2022/23.
  - Conversion of largest L-gas industries/power plants to H-gas based on the most recent conversion planning.
- L-gas demand in Germany, Belgium and France
  - Market reduction based upon information supplied by MEAs of Germany, Belgium and France via Task Force L-gas Market Conversion Monitoring. Possible reduction based on the results of evaluation of gas year 2022/23.
- H-gas demand from Great Britain (BBL)
  - At peak temperature, demand is based on the Gas Winter Outlook 2022/23 published by the National Grid.
- Limited H-gas demand from the Belgium markets in that can only be delivered by the Netherlands
- Maximum H-gas demand from Germany
  - Based on recent offtakes and bilaterals with German TSO's. This holds for the capacity- and the volume modelling

Supply assumptions (1)

- Gas storages Bergermeer, Norg, Grijpskerk and Alkmaar are available.
  - We assume gas storages to behave as "normal" seasonal storages: produce during the winter season and inject during summer season, volume-neutral
  - We assume that they are available at technical capacity

- Caverns are available at technical capacity.
  - We assume that there are three Epe's available and Zuidwending

- Peakshaver is available.

- Both Gate and EET will be available at technical capacity and available all year.

- Limited H-gas supply from Belgium in the winter months depending on the temperatures, and maximum in the summer months.

Supply assumptions (2)

- Limited H-gas supply from Great Britain (BBL) in October and November, depending on the temperatures, and maximum in the summer months.
  - Based on recent offtake

- A limited constant flow from Norway.
  - Based on recent offtake

- Domestic production based on the data provided by small field producers.

- Limited H-gas supply from German H-gas storages at Oude Statenzijl.

Consultation process

- We would like to ask your opinion/feedback on the planning assumptions. These will be made public unless specified.
- Consultation ends on 17 November 2023.
- Please send your written view to gasmarket@gastransport.nl
- Your written views will be considered in our advice to the State Secretary.
  - Letter will be sent before 1 February 2024.

Three topics

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- **Legal framework in the near future**
- **Security of supply in the future**

Legal framework in the future

- The State Secretary has just introduced[1] an amendment of the Gas Act and Mining Act regulating the final termination of gas extraction from the Groningen field.
  - The act states that "from October 1, 2024, gas will no longer be extracted from the Groningen field".
- This amendment relieves GTS from its statutory tasks reporting about the necessary Groningen capacity and volumes for the security of supply.
- The amendment introduces a new task, which is to advise on the security of supply (which is actually what we already did).
  - Demand / supply balances for capacity and volume
  - Infrastructure norm and gas delivery norm for protected users from European Regulation 1938/2017 (SoS regulation) should be taken into account

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Security of supply in the future

- In the Netherlands, security of supply is defined as "end users are supplied with gas at the right time, at the right quantity (low or high caloric) and in the required quantity, even when demand is high".

- End users are protected Dutch users, non-protected Dutch users and international users via our border points.

- Security of supply should be seen in an international context
  - Recitals and provisions of Regulation 715/2009, Directive 2009/73 and SoS regulation
  - An example is the L-gas market in Belgium, France and Germany

- Due to the closing of the Groningen field, the decreasing production from the small fields, the loss of Russian gas and insecurities concerning other import security of supply is no longer a given in the Netherlands.
  - The Ministery of Economic Affairs is planning on drafting a new act on security of supply, which is expected in 2025.
  - GTS contributes in the discussion wich elements should be in the Dutch SoS law