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Gasunie Transport Services B.V.
Postbus 181
9700 AD Groningen
Alkmaar, 28 November 2023

Subject: VGN view on the GTS Investment Plan 2024

Dear Madam/Sir,

Vereniging Gasopslag Nederland (hereafter: **VGN**) welcomes the opportunity to comment on the draft Investment Plan 2024 (hereinafter: **IP 2024**) as published by Gasunie Transport Services B.V. (hereafter: **GTS**) on 1 November 2023, which provides an overview of all planned expansion and replacement investments of GTS from 2024 to 2034. VGN would like to thank GTS for organizing a number of sessions in the previous months to inform system users on the process, form and content of the IP 2024.

VGN would like to compliment GTS on the transparency generated with the IP 2024. All the tables of projects and investments help to understand what GTS is investing in. Also, the coordinated scenario approach with the other grid operators ensures a sensible demand scenario for the future. VGN is also pleased to note that GTS did not identify any bottlenecks in the system that warrant investments.

As a general remark, VGN does not have the required expertise or detailed knowledge to be able to make an assessment on the individual investments that are included in the IP 2024. We assume that the Authority for Consumers and Markets (hereinafter: **ACM**) and the Ministry of Economic Affairs and Climate (hereinafter: the **Ministry**) do have the necessary expertise and knowledge for an assessment and efficiency of the proposed investments. VGN would like to stress the assessment should be about the necessity (“noodzakelijkheid”) of the investment and not the reasonableness (“redelijkheid”) of the investment. However, VGN would like to provide its views in relation to a number of points in IP 2024 as set out below.

1. The important role of gas storages in the period up to 2034

VGN is in favour of promoting the continued availability of both L-gas and H-gas storages in the Netherlands in the interest of a well-functioning gas market and security of supply. In particular, VGN supports the observations made by GTS in section “recent developments in the market” of IP 2024 concerning the importance of storage facilities for security of supply.

VGN maintains the view, expressed earlier in its response to the draft Investment Plan 2020, that the existing infrastructure and market mechanism should be maintained for the benefit of all consumers. Following the closing of the Groningen field, existing gas storage facilities can serve an especially important role as key providers of flexibility and security of supply for the Dutch gas market as well as for other markets in the region. VGN is interested in hearing the views of GTS on potential measures to ensure that existing storages remain operational and closures are prevented, with due consideration of the full range of benefits provided by gas storages to the functioning of the gas market and security of supply.

Here, VGN would once again like to draw attention to the level of transport costs as a risk factor for the continued availability of storage facilities. Transport tariffs for using the GTS transmission system are projected to increase significantly over the ten-year period until 2034 as is covered by the IP 2024. Further investments in the GTS transmission system, and any proposals for further market integration, should be balanced against the general concern of system users on the rising level of transport tariffs.

Fundamentally, VGN does not agree with placing all demand risk on system users. This is a point that has been raised by VGN during the course of ongoing discussions with GTS and the ACM on the Method Decision 2022 (*de Methodebesluit*). VGN also does not agree with the principle that all investments are by definition included in the regulated asset base (hereinafter: **RAB**) of GTS and as such are automatically charged to system users. For instance, the high costs resulting from the policy decision to close the Groningen field, such as the investments for the nitrogen facility in Zuidbroek and for switching L-gas users to the H-gas system, should not be borne by system users. In parallel VGN is in discussions with EZK and ACM on this topic.

2. Forecasted usage of the GTS transmission system

VGN notes that IP 2024 contains various tables on the forecasted usage of the GTS transmission system in the period up to 2034. The forecasted usage of the GTS transmission system is of interest to system users as an important element for predicting future tariffs. In that respect, VGN would like to request GTS to provide an additional table where the forecasted usage up to 2034 is translated into the expected "*Rekenvolume*" for the eight segments corresponding to GTS transport tariffs (being for Entry: Border, Storage, Production, LNG; and for Exit: LDC, Industrial, Border and Storage).

3. Investments to reduce carbon emissions

GTS proposes a number of investments to reduce carbon emissions. From the IP 2024 it is unclear whether these investments are required on the basis of (upcoming) EU regulations or if they are based on the CSR policy of Gasunie. VGN would like to see the business case underpinning these investments to determine if they are in fact necessary.

4. Expenditures on IT

Recently all IT investments have been transferred to Gasunie and GTS itself no longer executes IT investments. As a result VGN cannot determine the necessity of the IT investments made by Gasunie and charged to GTS. Ultimately these charges will be borne by the system users. VGN would like GTS to include a paragraph in the IP 2024 on the expected IT investments that are made by Gasunie on behalf of GTS and the resulting opex charges that Gasunie will make to GTS.

We hope to have informed you sufficiently and look forward to receiving the views of all parties concerned regarding the above points and the final version of IP 2024.

Should you have any queries regarding the above, please do not hesitate to contact us.

We reserve all rightsYours sincerely,

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René Zwanepol
Chairman
Vereniging Gasopslag Nederland