Analyses OSW

CENTRE FOR EASTERN STUDIES 27.10.2010 www.osw.waw.pl

RWE seeks an investor for German transmission networks

The operator of the largest transmission network in Germany, RWE, announced in October that it is seeking an investor to finance the development of its transmission networks. This decision means that the largest domestic owner is less interested in funding the extension of the transmission networks within Germany. This extension is essential because the large amounts of energy produced by offshore wind farms in the north of the country need to be transmitted to other parts of Germany. If such an extension is not undertaken, the energy produced will be transported by neighbouring countries, which could result in their networks becoming overloaded.

In Germany there are four transmission networks: RWE, EnBW, Tennet and the Elia/IMF consortium. Problems with financing the development of the networks and the cooperation among the operators of the transmission systems make it more difficult to adjust German networks to the dynamic development of wind energy. The network owned by RWE sends the largest amounts of energy (approximately 166 TWh a year) in Germany and is located in the west of the country. If wind farms are extended, this network will become one of the most overloaded. For this reason RWE is looking for an investor to support the funding and modernisation of the network. The company would maintain operational control over the network. The search for a new investor quite likely means that RWE will stop pushing to co-manage the remaining networks in Germany. The measures RWE has taken show that even large companies are unwilling to fund the development of German transmission networks. Earlier (in 2009 and 2010), E.ON. and Vattelfall sold off their transmission networks to the Dutch OSP Tennet and the Belgian company OSP Elia. <ŁAN>