

German energy companies lobby for Nord Stream 2

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On 6th September, at the Energy Congress held in Munich the CEO of Wintershall Mario Mehren said that the European Commission should allow Gazprom to use the full capacity of the OPAL gas pipeline in order to secure gas supplies for southern Germany. In his opinion, gas supplied via the OPAL pipeline will be of particular importance for the energy security of both Bavaria and Baden-Württemberg since they may have problems meeting energy demands when all Germany's nuclear power plants are closed down in 2022. Citing the forecasts of the Bavarian government, Mehren claimed that the share of gas in Germany's energy mix will increase from the current 8.9% to 23% in 2025. Otherwise, the planned close-down of nuclear power plants will trigger a deficit in power amounting to 4 GW. Furthermore, on 8th September, Axel Botzenhardt, the CEO of Thyssengas, the operator of the gas network in North Rhine-Westphalia, announced closer co-operation with Gazprom in an interview for *Der Westen*. Within the next ten years this German state has the opportunity to become a hub for trading gas in Europe. For this reason the company's objective is to enable the state to receive gas supplies via Nord Stream 2 by way of the construction of a 100-kilometre long connector linking Döhne (in Lower Saxony) to Rehden (in North Rhine-Westphalia). The cost of the project is estimated at 300 million euros.

Commentary

- Both the government in Berlin and CEOs of many German energy companies are striving to convey the message to the public that the decision to build the gas pipeline has purely economic grounds and therefore politicians, and even more so the European Commission, should not meddle in the 'purely business-oriented' transactions between Gazprom and German companies. The most important German media outlets are not devoting much attention to the controversies surrounding the Nord Stream 2 project. Nor is there a public debate about it.

- The opinions expressed by two CEOs of German energy companies are the first to present the economic interests of the German states linked to the Nord Stream 2 project so clearly. This will be an important argument for the respective governments of Baden-Württemberg, Bavaria, and North Rhine-Westphalia to lobby – at the federal level – for the implementation of the project in its present form. From the point of view of these states, the construction of Nord Stream 2 will enhance Germany's energy security and will guarantee the competitiveness of German industry due to access to Russian gas. This solution appears to be cheaper than supplying LNG from gas terminals in Benelux and France.

- The lobbying by CEOs of energy companies in the three German states which are the most powerful in economic terms is intended to step up the scale of involvement of local politicians in supporting Nord Stream 2. This may prove quite critical for the realisation of the project. The companies are arguing that the construction of this gas pipeline will substantially increase the stability of gas supplies. However, in practice the gas pipelines linking Russia and Germany which already exist have the potential to transport significantly larger amounts to Germany. This means that the main benefit of German energy companies from the construction of Nord Stream 2 will be taking over revenues from transiting and trading in gas generated to date by countries from Central Europe and Ukraine.