

Germany: plans for a new LNG hub near Rügen

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On 13 February, Mecklenburg-Vorpommern's minister of economic affairs Reinhard Meyer unveiled plans to build infrastructure for another floating LNG terminal: this will be the Transgas Power unit, to be leased on behalf of the federal government from the Greek shipowner Dynagas, with Lubmin as its designated location. The company behind the venture is RWE, which will jointly operate the terminal with Norway's Stena Power.

Meyer said that, unlike other FSRU (Floating Storage Regasification Unit) projects in Germany, the new unit will not be built at a wharf or a port, but will instead be hooked up to a special offshore platform constructed in the Baltic Sea, some 5–6 km east of the island of Rügen. The platform will then be connected to the gas transmission network near Lubmin by an undersea gas pipeline, nearly 40 kilometres in length, which will run along the existing Nord Stream pipelines. Documents filed by RWE with the Stralsund Mining Authority show that the planned offshore hub will consist of two platforms, with space for two FSRUs on each platform. When the first one is put into operation, its regasification capacity would be 14.4 bcm; after the second one is built this figure will rise to 38 bcm (which coincides with the assumed maximum capacity of the pipeline connecting the platforms to the transmission network). Construction work in the Greifswald Bay would begin no earlier than mid-May this year and would take several months; this means that the gas port could, as the government intends, become operational in the winter of 2023/4. The procedures to obtain of the necessary permits should pass rapidly thanks to the special federal LNG infrastructure law which Germany adopted in 2022. However, it is possible that an amendment to the law will be needed for the smooth implementation of the investment: although the current law provides for the fast tracking of projects in certain locations (including Lubmin), the infrastructure is to be built tens of kilometres from the village itself.

During the press conference, Meyer confirmed that in the context of the planned construction of the LNG hub near Rügen, negotiations are underway for its joint use by RWE and Deutsche ReGas, which launched its first FSRU terminal in the port of Lubmin back in January this year, and wants to bring in another floating unit at the end of the year. Last fall, Deutsche ReGas announced similar plans to RWE's: to build an offshore platform, and ultimately to move both its units there.

Commentary

- The plan to establish an LNG hub near Rügen has raised a number of questions which the minister was unable to answer during the press conference, as the documentation submitted by the investor remains incomplete. Among other things, it is not clear which

FSRU the fourth platform space would be intended for. The plans related to Lubmin announced so far include only the aforementioned Transgas Power FSRU, which would be leased on behalf of the state, and two FSRUs from Deutsche ReGas. The parameters of the hub as stated are also questionable: it is not clear whether the numbers quoted refer to the theoretical capacity of the new infrastructure or the realistic regasification capacity of all four FSRUs. Meyer's announcement indicates that RWE is expected to submit the final investment documentation in April this year.

- The plans for a hub near Rügen have stirred up considerable controversy in Germany. Among other things, the scale of the project is being questioned: the announced maximum regasification capacity of 38 bcm per year would make it the largest LNG-import terminal in the world. A number of local experts have questioned whether the state really needs such far-reaching infrastructure for LNG imports, considering both the other existing and planned floating and stationary LNG projects in Germany and the country's climate policy goals. These include sharply reducing demand for natural gas in the 2030s and shifting away almost completely from the use of it by 2045. Finally, opposition from local communities and environmental organisations is being provoked by the very concept of building industrial infrastructure a few kilometres from the shore of a tourist resort in a protected bird reserve. Local politicians have sent a letter of protest on the issue to the federal and state authorities, pointing out the threats that the development would pose to the region's tourist economy. Meanwhile, environmentalist groups led by Deutsche Umwelthilfe have announced they are launching legal action against the investment.