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Germany: milestones in the construction of a gas port in Brunsbüttel

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On 26 September, the office for spatial planning in Schleswig-Holstein issued a land development decision to the German LNG Terminal GmbH (GLT), specifying the conditions for the construction of the planned gas port in Brunsbüttel. Earlier, the federal state's Office for the Environment issued preliminary approval for this construction under the Federal Immission Control Act, which authorises the initiation of construction work before the conclusion of the administrative procedure. According to numerous media reports citing the company's spokesperson, after receiving these decisions, the GLT allegedly decided to proceed with building this gas port. The company itself refrained from issuing a statement on this matter.

In line with the plan, the onshore LNG terminal in Brunsbüttel is expected to become operational in 2027, with a regasification capacity of 10 bcm annually. Germany's LNG importer RWE Supply & Trading, the UK's Ineos, and the US's ConocoPhillips have booked access to this facility. In accordance with a decision issued by the Federal Network Agency (BNetzA), 10% of this gas port's regasification capacity is to remain available for short-term bookings. Following its inauguration, the onshore terminal is expected to replace the FSRU terminal currently operating at Brunsbüttel port (Höegh Gannet).

The stakeholders in GLT are the German state-owned development bank KfW (50%), the Dutch gas company Gasunie (40%), and the RWE energy group (10%). Gasunie is expected to assume the role of the gas port's operator once the facility is inaugurated. The initial cost of this investment was estimated at around €1.5 bn (with €740 mn earmarked in Germany's federal budget for KfW's involvement in this project). During legislative work on next year's budget, it was revealed that the state's contribution to this initiative will need to increase by €200 mn due to an increase in the investment's costs, which are now estimated at nearly €1.9 bn. Gasunie and RWE are together expected to contribute a further €200 mn in proportion to their stake. The German Ministry for Economic Affairs announced that the increase in costs is due to both the rise in the price of construction materials and the higher-than-anticipated outlays for adjusting the terminal to import alternative low-emission energy carriers (in this case, most likely ammonia).

Commentary

- The construction of the gas port in Brunsbüttel forms part of Germany's policy shift to LNG following Russia's invasion of Ukraine in 2022. Prior to 2022, various projects which did not have political support could not be implemented. To achieve independence from Russian supplies, Berlin committed substantial financial resources and decided to build its own terminals at record speed and on an unprecedented scale (see '*At all costs. Germany shifts to LNG*' for further details). Four FSRU terminals are currently operating in Germany (in Wilhelmshaven, Brunsbüttel, and two on Rügen), while two more (in Stade and a second unit in Wilhelmshaven) are expected to be put into operation by the end of this year, each delayed by approximately one year. Additionally, this spring, in Stade, the Hanseatic Energy Hub commenced the construction of Germany's first onshore gas port, with a regasification capacity of 13.3 bcm. Relatively little information is available on the progress of a third gas port in Wilhelmshaven, which is being constructed by Tree Energy Solutions.

- At present, LNG supplies meet nearly half of Germany's gas demand. Domestic production accounts for only 5% of consumption, with the remainder being imported. Norway is the largest supplier, providing its domestically-produced gas to Germany via pipelines and accounting for approximately 48% of German imports in the first three quarters of 2024. Germany sources the remaining portion of its gas primarily from the Netherlands (24%) and Belgium (19%). Notably, these imports almost exclusively involve liquefied gas delivered to Germany via Dutch and Belgian gas ports. This year, German terminals (the aforementioned four FSRU terminals) account for just 8% of imports. The facilities in Wilhelmshaven and Brunsbüttel have recorded a relatively high degree of utilisation (82% in the first half of 2024 and 73%, respectively), while – according to media reports – these on Rügen are operating at only around 20% of capacity. This is partly due to the fact that one of them was transferred from Lubmin this spring and has undergone a prolonged trial run.