



wintershall dea

# CHALLENGES FOR GAS INFRASTRUCTURE AND ITS FINANCING

IBC, 14 NOVEMBER 2019

# WINTERSHALL DEA MIDSTREAM BUSINESS

## Portfolio of Wintershall Dea Group

- Offshore: shareholding in Nord Stream AG
- Onshore: high pressure pipeline network across Germany including OPAL and NEL

## Current projects within Wintershall Dea Group

- Offshore: financing of Nord Stream 2 AG with up to 950 million Euro
- Onshore: subsidiary GASCADE builds EUGAL, the connecting pipeline to Nord Stream 2



# FRAMEWORK BECOMES EVEN MORE COMPLEX

## Topics beyond ambitious project planning and implementation

- Geopolitics and discussion about Russian gas
- Changing legal frameworks (EU level, Denmark) without grandfathering
- Threat of US sanctions
- Citizens' groups and "nimby-mentality"
- Questioning investments in "fossil" infrastructure
- Energy transition towards renewable energy sources and reduction of emissions: climate targets

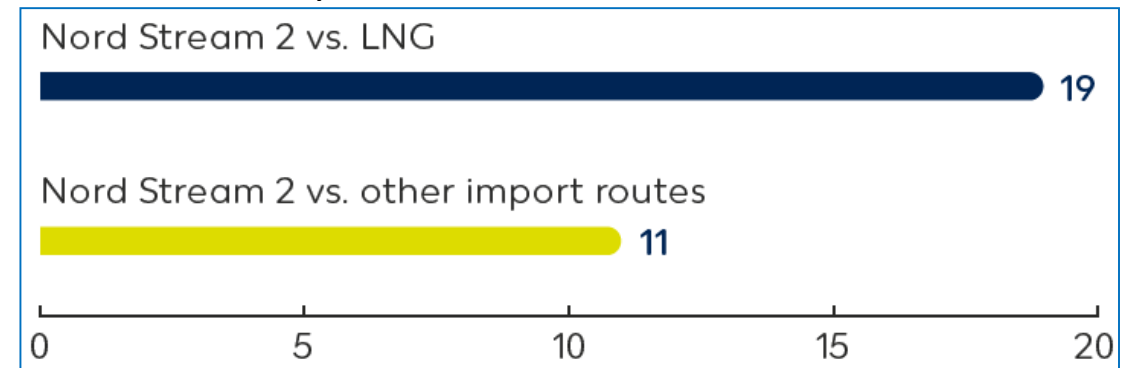


# MEETING ENERGY DEMAND AND CLIMATE TARGETS

- Complete electrification of energy system is no solution: gaseous sources as a supplement
- Achieve climate targets cost-effectively with natural gas – example Germany:  
Switch from coal to natural gas in power generation can save 110 million tons of CO<sub>2</sub> per year  
= annual CO<sub>2</sub> emissions of all German households!
- New state-of-the-art infrastructure contributes as well :  
with Nord Stream 2, a reduction in CO<sub>2</sub> emissions of up to 19 million tons is possible  
(Source: Incentive study commissioned by Wintershall Dea)

## What is not discussed publicly:

- Changing relevance of markets: can Europe in future obtain required quantities of natural gas or hydrogen (which dominates the discussion)?
- Will there be sufficient import capacities?



# THOUGHTS ON FINANCING

- Investments in “fossil” infrastructure will – most probably - not be classified as “sustainable” → higher financing costs, get the money at all?
- Threat of (US) sanctions makes financing for projects with Russian participation even more difficult
- Investments in regulated EU infrastructure: lower regulatory interest rate applicable on regulatory equity;  
3<sup>rd</sup> Regulatory period (2018 - 2022): 6.91% for new systems

## **This goes along with questions regarding**

- H2 readiness
- Usage periods
- Stranded assets

