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A gas hub: benefits, need and risks. The Netherlands as the European gas transmission hub

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The government wants the Netherlands to become the 'gas roundabout' of Europe: a hub to which gas is transported and then stored for distribution to foreign buyers. In doing so it wishes to secure the long-term supply of gas to the Netherlands. At the same time, the gas roundabout must strengthen our international competitiveness and increase the number of jobs. We investigated how the government has substantiated the need for the gas roundabout, how it checks its implementation and how the House of Representatives is informed about the process.

Gasunie (the company responsible for the transmission of gas within the Netherlands) and Energie Beheer Nederland (EBN; responsible for finding and extracting natural gas in the Netherlands) have made substantial investments in the gas roundabout in recent years. Transmission pipelines have been laid, gas storage facilities have been built and parts of the gas transmission network outside the Netherlands have been acquired. The investments will total €8.2 billion by the end of 2014. The Dutch State, the sole shareholder in Gasunie and EBN, has approved these investments but it has not demonstrably checked in all case that the investments have been in the public interest, i.e. whether the investments will help make the supply of energy cleaner, more reliable and more affordable. Under government policy, the public interest must be considered when a decision is taken on an investment plan.

Initially, the Minister of Economic Affairs (now Economic Affairs, Agriculture and Innovation (ELI)) did not carry out detailed studies to substantiate the need for the gas roundabout. A study was carried out in 2010 but by then €7.2 billion had already been invested in the gas roundabout.



As Gasunie and EBN are State companies, the Dutch State is exposed to risks on the investments. If Gasunie's profits are lower than expected, for example, the annual dividend received by the State will also be lower. Figures from recent years show that this risk is not hypothetical. The dividend received from Gasunie fell from €416 million in 2009 to €182 million in 2010 and was passed in 2011.

The information the House of Representatives receives on the gas roundabout project does not consider a number of important issues in sufficient detail: the State's involvement as sole shareholder in EBN and Gasunie, how the public interest is served and the risks the State runs on the investments. The Minister of ELI has not explained to the House why the gas roundabout strategy is the best option to secure the supply of energy. The gas that is transmitted through Dutch pipelines or is stored in the Netherlands is destined for customers who have signed a contract to buy it. Having the infrastructure located in the Netherlands is no guarantee that the gas will be used by customers in the Netherlands.