

“Bavaria’s economic motor runs on natural gas”

- **After the nuclear phase-out in 2022 Bavaria will face a base load shortfall of up to 4 gigawatts**
- **Natural gas for electricity generation is the pragmatic solution**
- **Existing gas pipelines in the North could offer an alternative to new electricity lines**

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Michael Sasse
PI-16-11
Tel. +49 561 301-3301
Fax +49 561 301-1321
press@wintershall.com
www.wintershall.com

Munich. Mario Mehren, the Chairman of the Board of Executive Directors of Wintershall, has underlined the vital importance of a secure natural gas supply for Bavaria’s economy at the German Energy Congress in Munich. “In 2022, if not before, Bavaria will face difficulties with its electricity supply,” Mehren said. “At this time, when the last German nuclear power plants in Bavaria are taken off the grid, there will be an electricity generation shortfall of up to 4 gigawatts. Renewable energies cannot replace that, at least not at affordable and responsible prices.” Gas-fired power plants, which could then stabilize the electricity grid, were not so far being deployed sufficiently, Mehren said.

The Free State sources around 48 percent of its electricity from nuclear energy (source: Energy Atlas Bavaria). Bavaria will have to shut down the three nuclear power plants still in operation by the end of 2022, and will then have to import a large share of its electricity

Wintershall Holding GmbH
Corporate Communications
P.O. Box 10 40 20
34112 Kassel, Germany

requirements. According to the plans of Germany's Federal Economics Ministry, electricity from renewables – primarily from the major wind farms in the North of Germany – will then secure the energy supply in the South. However, the construction of additional electricity lines across several German states is progressing much more slowly than the federal government planned. The new “electricity highways”, which are mostly overhead electricity lines, are a contentious issue with the German public. “Furthermore, covering the energy requirements with renewables alone would be too expensive and too unreliable,” Mehren said.

One possible solution would be to scale up the use of gas-fired power plants in Bavaria, which allow flexible and climate-friendly electricity generation, especially when there isn't much sun or wind. But so far there is no clear policy in place that gives gas-fired power plants a longer-term economic perspective for their contribution to supply security. “We would be well-advised to find long-term solutions. In a few years, when nuclear power disappears from the market, we will need guaranteed capacities for generating electricity,” Mehren explained. The Bavarian state government already forecasts that the share of natural gas in the state's electricity supply will rise from 8.9 percent (2014) to 23 percent by 2025.

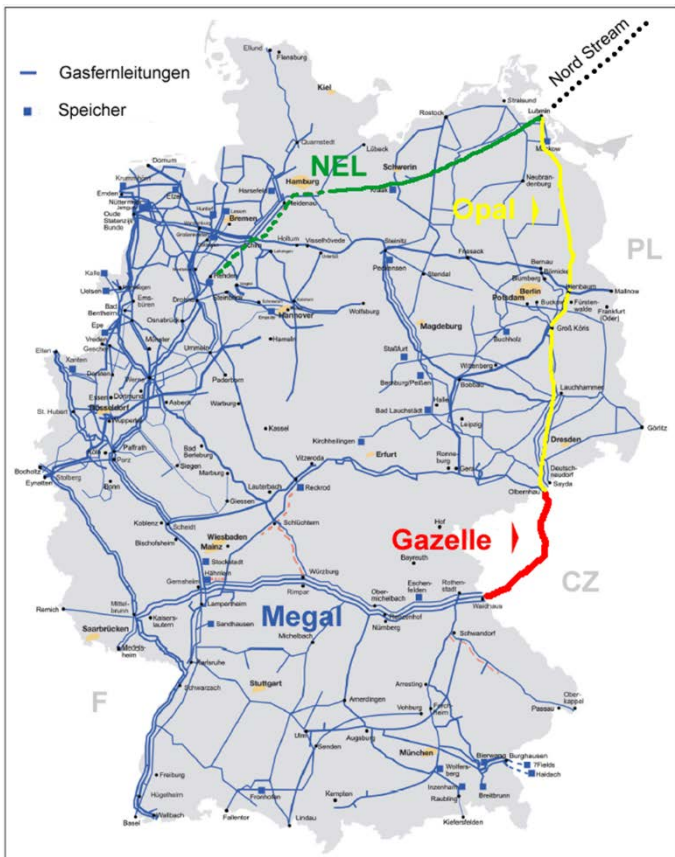
Natural gas today already plays a very important role in Bavaria's business interests as well as for the state's future electricity generation. “Bavaria's economic motor runs on natural gas,” Mehren said at the Munich Energy Conference. A third of energy consumption in the manufacturing sector in Bavaria is currently covered by natural gas, and this trend looks set to rise. Around 20 percent of primary energy consumption in Bavaria comes from natural gas. And in the household sector the Bavarians are also placing their trust in this climate-friendly energy resource, with almost every second new building under construction in Bavaria using natural gas.

Supply of this eco-friendly energy source in Bavaria is secure: the state has good natural gas infrastructure, which is constantly being developed. And in contrast to the controversial construction of electricity lines from the North, additional natural gas pipelines to South Germany have already been laid. In 2011 BASF subsidiary Wintershall and Russia's Gazprom invested over a billion euros together in the construction of the 470-kilometer OPAL natural gas pipeline from Greifswald on the Baltic Sea coast to the Czech border. This allows natural gas to be transported directly from Russia to South Germany via the Czech pipeline "Gazelle" commissioned in 2013.

Yet the EU Commission so far hasn't approved the planned use of the full OPAL capacities (36 billion cubic meters), which means only half of the pipeline can be used at the moment. "Brussels shouldn't block the planned full capacity utilization of the German pipeline any longer," the Wintershall CEO urged the Commission. In Munich Mehren said he hoped approval would be granted before winter.

The link to the Nord Stream Baltic Sea pipeline via OPAL also enhanced supply security in Bavaria and Baden-Württemberg considerably. So far South Germany has received Russian natural gas from the Czech Republic and Austria that has transited Ukraine. "The EU must, of course, respond to developments in Ukraine. But good economic sense must not be overshadowed by foreign policy considerations. A sense of proportion is vital, otherwise we will squander the very valuable asset of supply security in Germany."

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