

Report on the Development of the Gas Industry in the Federal Republic of Germany  
in 2003

[Preliminary remark: The statistical data for the year 2003 are not yet available, therefore the report is based on the data for the year 2002.]

1. The **share of natural gas in German primary energy consumption** has **steadily grown** in recent years. It rose from 16,7 % in 1991 to 21,7 % in 2002; for 2003 a share of 21,9% is expected. Therefore natural gas has remained the third largest form of energy used in the Federal Republic of Germany after oil and coal whose shares in primary energy consumption stood at 37,4 % and 24,8 % respectively.

Experts expect the demand for natural gas to expand further, prognosticating a share in Germany's primary energy consumption of around 25 % in 2005. The growth is to be obtained primarily in the heat and the electricity markets at the expense of oil.

2. Germany can rely on **diverse sources of supply**: In 2002, 31 % of the demand for natural gas was met by imports from Russia, 19 % from The Netherlands, 25% from Norway and 18 % by domestic production. Small natural gas quantities (7 %) were imported also from the United Kingdom and Denmark.

Owing to existing supply contracts covering the period to 2020, the Russian Federation will presumably be able to maintain its extraordinary position as regards natural gas deliveries to Germany. In addition, natural gas imports from Norway will increase considerably (Troll field).

This balanced and diversified supply structure is a result of the commitment of the German

gas industry. There are no political requirements of any kind, even though the Federal Government would always welcome **diversification of supply sources as well as of transport routes** for reasons of security of supply.

3. The **biggest sales outlet** for natural gas in Germany is the sector of households and small consumers (around 49 %) followed by industry (around 24 %), electricity generation (around 13 %) and district heating (around 5 %); a good 4 % was exported .
4. **Natural gas prices** in 2002 went down considerably: due to oil price decreases the average cross-border price fell 2002 in comparison to the previous year. From January to October 2003 the gas price grew by 7,2 %.
5. The gas industry's **investments** have remained at a relatively high level totalling about 1,7 billion € in terms of volume in 2001. The focus of investment has continued to be on expanding the pipeline network about 73 % and the underground storages.
6. At present, there are a total of 41 **underground stores for gas** with a working capacity of 18,8 billion m<sup>3</sup>. Another 14 underground stores have been projected and some of them are already under construction. These projects represent a further contribution by the private sector towards the security of gas supply.
7. The **regulatory framework for gas** was modified by the amendment to the Energy Industry Act (effective 21. May 2003). In Germany the EU Gas Directive 98/30/EC is now fully implemented.

In the meantime the legislative work has been started to implement the new EU Gas Directive 2003/55/EC.