

Ministry of Economic Affairs
and Climate Policy

Recent Groningen / L-gas developments

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Gas Market Unit

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Energy Market & Innovation Directorate



Earthquake 8 January 2018

- Earthquake near the village Zeerijp, in the Loppersum area, the most earthquake sensitive area of the field. Also the area where production was reduced to max 3 bcm/year, and only to meet peak demand.
- Magnitude of earthquake: 3.5 on Richter scale.
- 5654 damages reported.
- Immediate call from the region and a large number of Parliament members to immediately cut the production and to stop the exports
- Dutch Minister for Economic Affairs and Climate Policy asked:
 - State Supervision of the Mines to assess the safety situation.
 - GTS (Dutch TSO) to re-assess its 2017 security of supply advice.





Advice Dutch State Supervision of the Mines – 1 February 2018

Measures to be taken immediately:

- close the five production clusters in the Loppersum area (the most earthquake sensitive area in the Groningen field);
- limit production fluctuations in one other cluster (the Bierum cluster) to 20% maximum (with an exception for operational circumstances).

Next to that SSM advises to take the following measures as soon as possible:

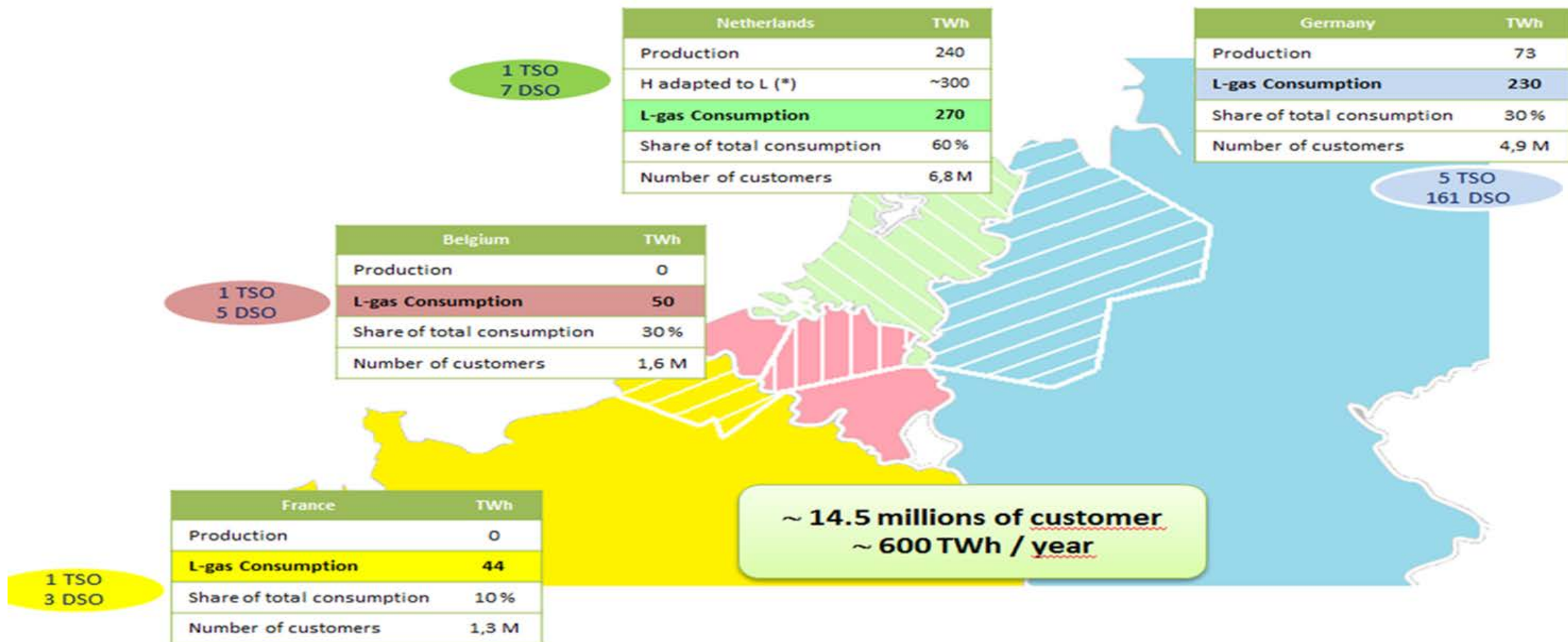
- Reduce the allowed production from the Groningen field to 12 bcm/year;
- Limit the regional fluctuations in the production from the remaining (14) clusters to the current level of +/- 50%. The current limitation of the fluctuations for the Groningen field as a whole of +/- 20% can thereby be lifted.

In addition SSM observes the following:

- it is reasonable, but not entirely certain that 12 bcm/y is a safe production level;
- the effect of production measures will not be immediate and will only be of a temporary nature;
- keeping regional production as flat as possible could further reduce the number and severity of earthquakes.



Advice GTS: Security of supply of the L-gas region





Advice GTS: Required volume Groningen production – 31 January 2018)

Dutch conversion facilities 100% used:

Type Gas Year	Demand	Enrichment	Converted H-gas	Groningen
Cold	60	13	23	24
Warm	47	10	23	14

Dutch conversion facilities 85% used:

Type Gas Year	Demand	Enrichment	Converted H-gas	Groningen
Cold	60	13	20	27
Warm	47	10	20	16



Measures Dutch Minister of Economic Affairs and Climate Policy – 1 February 2018

Short term measures:

- NAM asked to close the Loppersum clusters as soon as possible. Done.
- NAM and GTS to investigate how the fluctuation in the production from the Bierum-cluster can be limited to +/- 20%.
- NAM and GasTerra to take all necessary steps to reduce this year's production as far as possible.

Next steps:

- Investigate all measures to reduce the gas production as soon and as far as possible:
 - conversion of industrial consumers;
 - new conversion facility.
- Discuss the situation with neighbouring countries.
- Inform Dutch Parliament by end Q1 – 2018.

A production level of 12 bcm/y is insufficient to provide security of supply. The current need is almost twice as high.

- Far reaching measures are necessary to go down to 12 bcm/y.
- Implementation will take time.



Next steps

- 200 large Dutch industrial consumers of L-gas identified: recently asked to convert to other sources of energy.
Options:
 - shift to H-gas (but is there the H-gas network nearby?);
 - go for renewables.Discussion: how about the costs.
- Decision on the construction of an additional conversion facility (max. 5 – 7 bcm L-gas/y). Construction time 4 years. Investment € 500 mln.
- Construction of a heat roundabout in western part of NL (waste heat from Rotterdam area + geothermal sources).
- Dialogue with Belgium, France and Germany on possibilities to lower their demand for L-gas quicker than planned. Meeting of director-generals on the 8th of February. Follow-up by bilateral meetings and in frame of L-gas risk group. TSOs also involved to validate potential options.
- End of Q1: letter to Dutch Parliament on options to reduce the demand for L-gas in the next years to max. 12 bcm/y.
- And: new draft decision on allowed Groningen production has to be published by summer 2018. Decision also has to tackle the opinion of the Dutch Council of State that security of supply of the L-gas region does not by default have priority over safety in the Groningen area.



Further information

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