Norway Gas to Benefit From End to Coal in Germany-Equinor

By Reuters

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BERLIN — Norway, Germany's third biggest gas supplier after Russia and the Netherlands, could make further inroads into the German market as the country phases out coal, a top executive at Norwegian oil and gas firm Equinor said on Wednesday.

"I'm sensing that there is going to be an increasing demand for gas (in Germany)," said Irene Rummelhoff, member of Equinor's executive committee.

"I think it could be an increasing market for us going forward," she told Reuters at a German industry event.

A commission comprising politicians, researchers and lobbyists has been tasked with setting out a shut-down schedule for German coal mining and power generation on Friday, or by Feb. 1 at the latest.

This comes amid a push by Germany to cut climate-harming emissions.

In 2018, coal had an 38 percent share in German power generation versus just 7.4 percent for gas. The commission is likely to propose the closure of half the nation's 43 gigawatts (GW) hard coal and lignite fleet by 2030.

"The quicker the phase-out (of coal), the stronger the demand for gas as I see it because there is no other viable alternative," Rummelhoff said.

She said Germany could not run on renewables alone, and it is also phasing out nuclear power by 2022, while gas offered steady supply at half the emissions of coal.

Rummelhoff also saw more room for the use of gas in home heating, where it currently accounts for around 50 percent of all units but is due to take market share from more polluting heating oil, and in transport.

"The heat segment is very dependent on gas and we see interesting movement in the transport sector, such as in public sector buses," she said.

Germany's gas strategy is important for Norway's export success. Out of Norway's pipeline gas exports of 114 billion cubic metres (bcm) in 2018, 47 bcm went to Germany, figures from grid company Gassco showed.

Rummelhoff also said she was a little puzzled by Germany's plans, under pressure from would-be supplier the United States, for a liquefied natural gas (LNG) import terminal.

Existing terminals around Europe's coasts are under-utilised because LNG is more expensive than pipeline gas. But traders and customers at the conference support the new terminal as a way of opening up more shipment options and boosting liquidity.

"I guess the rationale would be to have more diversification rather than more capacity," Rummelhoff said.

(Additional reporting by Nerijus Adomaitis; Editing by Douglas Busvine and Mark Potter)