

# German regulator to decide on reserve power plants after Easter

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German regulator Bundesnetzagentur (BNetzA) expects to make a decision after the Easter holidays on the controversial proposal of the country's transmission system operators (TSOs) to set up 2GW of new grid stabilization plants.

The TSOs estimate the plants are needed from the winter season 2021-22 due to growing generation capacity disparity between Germany's northern and southern regions, which destabilises the grid. The plants would top up the country's network reserve, which is made up of existing plants ( [see ICIS briefing on German power reserves](#) ).

BNetzA's decision is due to be slightly delayed compared to the timeline laid out in the legislation Germany passed last year, according to which the TSOs would identify the need for grid stabilization plants by 31 January and the regulator would confirm it within two months.

BNetzA received the proposal from the TSOs on 15 February and is likely to give its opinion about it on 18 April at earliest, a spokesman for the regulator said last week.

"We understand that the regulator will confirm the need for the network stabilisation plants by the end of April," said Dominique Candrian, chief executive of PQ Energy, a portfolio company of US investment firm Blackstone. The company is developing two gas-fired reserve plant projects in Germany.

Approval by the European Commission is also needed for the network stabilization plant scheme, according to Candrian. PQ Energy understands that this could come in the third or fourth quarter of the year.

## Uncertainty

The fate of PQ Energy's reserve plant projects became uncertain after the parliament changed the government's initial plans for setting up new reserve plants by giving responsibility for it to the TSOs (see EDEM 3 August 2016).

The TSOs are yet to decide to what degree they would delegate the development, construction and operation of the plants and who would own them, Candrian said.

Some market participants consider it anti-competitive for the TSOs to set up reserve plants. It gives the TSOs too much power and creates a risk of oligopoly, regional utility Mainova said recently, after the 2GW proposal by grid operators emerged.

## Reserve plant projects

In March, PQ Energy's zoning plan for the establishment of a reserve power plant with capacity up to 1.2GW at its Gundelfingen site became valid as the one-year period for making objections to the project came to an end. The company also has the Griesheim project, which could add up to 600MW of capacity.

Municipal utility SWU has also said it is planning to contribute towards the new grid stabilization capacity. It is developing a 600MW gas-fired reserve power plant project in Leipheim in cooperation with engineering company Siemens.

Gas-fired plants have struggled to be profitable on the German wholesale power market recently as prices have been pressured by growing subsidised renewable energy capacity and lacklustre electricity demand.

Both PQ Energy and SWU say their projects are tailored solely to be reserve capacity. PQ Energy does not see any future for its projects on the wholesale market, Candrian said. The company is waiting for more regulatory clarity to decide on its next steps for the projects. [laura.raus@icis.com](mailto:laura.raus@icis.com)