

## Press Release

27 October 2011

### **Open Grid Europe: returns must allow investment in gas network infrastructure**

Open Grid Europe comments as follows on the Federal Network Agency's announcement made via various media concerning a reduction in the rate of return on equity for new plants from 9.29 to 09.05 % and for old plants from 7.56 % to 7.14 %:

The nuclear phase-out decided as part of the energy turnaround in Germany will make it necessary to expand gas supply infrastructure in the medium term. The higher capital expenditure involved inevitably entails higher financing needs. To meet those financing needs, it is absolutely essential to create attractive conditions for potential investors.

Stephan Kamphues, CEO of Open Grid Europe: "What's undoubtedly positive is that the Federal Network Agency has at least partly heeded the network operators' arguments voiced in the consultations. However, the Agency's decision amounts to a de facto reduction of the existing rate of return. This is not understandable in the present economic environment. Furthermore, the rate of return for new investments has to be actually achievable."

The report presented by the Federal Network Agency is based on data that have been considerably distorted downwards by the crisis on financial markets. Thus they are by no means indicative of the next regulatory period from 2013 up to 2017. In a climate of increased business risks, as evidenced by the global financial and economic crisis and confirmed by leading international rating agencies, as well as the simultaneously rising interest rates on financial markets, investors are likely to demand higher returns on their investments.

Stephan Kamphues: "Without an increase in the rate of return on equity, thus ensuring a return that adequately takes account of risks connected with investment in German gas network infrastructure, it will not be possible to secure the capital needed to expand energy networks, as necessitated by the energy turnaround."



12,000 km of pipeline and comprehensive technical services, Open Grid Europe offers and arranges innovative, forward-looking transportation solutions for natural gas and biomethane. Further company details can be found at [www.open-grid-europe.com](http://www.open-grid-europe.com).