

PRESS RELEASE

VNG / H2 core network / hydrogen

VNG is investing in development of hydrogen core network in Central Germany

VNG's commitment as shareholder and investor reflected in largest single investment in the Group's history

Leipzig, 23/07/2024. Through its subsidiary, the independent transmission system operator ONTRAS Gastransport GmbH (ONTRAS), VNG AG will participate in the planned hydrogen core network in Central Germany with an investment volume in the mid three-digit million range. ONTRAS has been designated as the company responsible for an initial 600 km of hydrogen pipelines in Central Germany in the joint core network application of the transmission system operators, submitted to the Federal Network Agency ("BNetzA") on 22/07/2024. Around 80 per cent of the approximately 600 km of hydrogen pipelines are existing natural gas pipelines that are being repurposed to transport hydrogen. Just under 20 per cent of the pipelines is newbuild.

The 600 km of hydrogen pipeline is intended to connect the Leipzig region with the Central German "Chemical Triangle" region, industrial centres in Saxony-Anhalt and Lower Saxony, the Berlin region and the Meissen industrial arc. As the responsible company, ONTRAS is creating a hydrogen ring pipeline in the Leipzig region with an extension to the Meissen industrial arc (Saxony), a connection from the Bad Lauchstädt Energy Park (Saxony-Anhalt) to South Berlin and a further connection to Salzgitter (Lower Saxony). The pipeline between the Leipzig region, Bad Lauchstädt and Salzgitter is an Important Project of Common European Interest ("IPCEI").

Ulf Heitmüller, Chairman of the Executive Board of VNG AG, said: "Overall, we are looking at the largest single investment in our 65-year company history with our participation in the hydrogen core network application. The basis for this project is our robust financial strength. At the same time, this is the VNG Group's largest decarbonisation project to date. The development of the hydrogen core network is a pioneering infrastructure project in the context of the nationwide hydrogen economy roll-out. It will connect import and infeed points with relevant customers. The Central and Eastern Germany region will benefit significantly from this project. The hydrogen core network is a key foundation stone in the decarbonisation of industry and society in the course of the energy transition and will ultimately also enable Germany to maintain its industrial base."

The investment in the hydrogen core network is part of VNG's strategic orientation. According to the "VNG 2030+" strategy, a significant proportion of the investments will be channelled into expanding the infrastructure for green gases.

"VNG will participate in the development of the core network via ONTRAS as an operator of system-relevant infrastructure and will make substantial investments in Eastern Germany. We are taking this step despite a number of uncertainties, particularly with regard to the financing framework and the difficult to foresee changes in demand and prices for hydrogen, as well as the associated risks for the infrastructure. In order to limit these risks, we believe that the planned gradual expansion of the hydrogen core network makes sense," continued Heitmüller. Additional projects are possible provided that the financial framework conditions improved.

The approval of the core network application by the transmission system operators is the responsibility of the Federal Network Agency, which must approve the application within two months. The further expansion of the core network is to take place gradually and in line with demand as part of the gas/hydrogen network development plan.

About VNG

VNG is a Group of over 20 companies active in the European energy industry with around 1,700 employees. As a gas importer and wholesaler as well as an operator of critical gas infrastructure, the Leipzig-based Group is central to assuring the security of the gas supply in Germany. With its “VNG 2030+” strategy, VNG is also pursuing an ambitious strategy for rolling out renewable and decarbonised gases such as biogas and hydrogen, paving the way for a sustainable, secure supply and, in the long term, climate-neutral energy system of the future. VNG’s investments in infrastructure and green gas projects are primarily in Central and Eastern Germany, with the aim of making a significant contribution to structural change as a company firmly anchored in its home region. More at: www.vng.de.

About ONTRAS Gastransport GmbH

ONTRAS Gastransport GmbH operates the 7,700-kilometre gas pipeline network in Eastern Germany and is responsible for the reliable and efficient transport of energy in gaseous form – today and in the future. We actively shape the energy market of the future, bring in new ideas and develop sustainable solutions for our infrastructure. We rely on trusted technology, many years of experience and our most important asset: our committed team! Our gas infrastructure is compatible with renewable gases and can therefore also support a large number of applications for hydrogen such as material applications, mobility and heat. In order to make our infrastructure fit for a renewable gas supply, we plan and implement numerous projects together with partner companies. More at www.ontras.com.