

Foreword by the Executive Board

In 2013, the energy world again saw a number of significant changes. In the Netherlands, a widely supported energy agreement was reached last year, and the earthquakes in the north of the country as a result of gas production received a good deal of attention. Meanwhile, in Germany, the Energy Transition (“*Energiewende*”) resulted in a new record in 2013 in terms of sustainable energy generated in that country so far. In addition, in many European countries, the production of shale gas was hotly debated. The pace of change is rapid, but what remains is the demand for a reliable, sustainable and affordable supply of energy. We are convinced that gas and gas infrastructure can continue to play an important and connecting role in the provision of energy of the future.

Gasunie’s position in Europe

The gas market is an international one. Thanks to our extensive network in the Netherlands and Germany, as well as our connection to the market for liquefied natural gas (LNG) through the Gate terminal, gas can find its way from all parts of the world to north-west Europe. Building on our strong position in cross-border gas infrastructure, we play an important part in the current European energy supply. And we aim to continue to play this role in enabling the transition towards a sustainable, reliable and affordable energy future for the Netherlands and for Europe as a whole.

New sustainable applications of gas

In 2013, a number of important steps were taken in using gas to achieve a cleaner and more sustainable supply of energy. Gas in the form of LNG is ideally suited, for instance, as a cleaner alternative to diesel fuel for heavy goods vehicles and ships. Next to Gate terminal on the Maasvlakte, we recently opened (with our partner, Vopak) a facility for filling LNG road tankers, and loading and unloading small LNG vessels. There are plans to expand the facilities for small-scale LNG distribution in the form of a break-bulk installation.

We also continued to see growth in the large- and small-scale generation of sustainable energy. The development of ‘power-to-gas’ could create an important new link between the electricity and gas networks. Thanks to the unique storage possibilities offered by gas infrastructure, any excess of sustainably generated energy can be collected and stored in the form of hydrogen gas.

The importance of our infrastructure for society

In its Policy on Government Participations published in October 2013, the Dutch government indicated that it attached great value to securing the public interests represented by the State’s participation. Gasunie manages essential infrastructure, and the public must be able to count on the transport of gas being safe, reliable and affordable. Our transport rates are among the lowest in Europe, and the high liquidity of our gas trading platform TTF has a favourable effect on price developments and on the security of supply.

Trustworthy international hub

The importance of having a well-functioning gas infrastructure for a reliable energy supply was again underscored in early 2013. The long winter in north-west Europe led to a great demand for natural gas. Our network functioned as an international hub, and in this way was able to continue to supply the Netherlands' surrounding countries with gas. The volume of gas transported through the Netherlands to other countries was 13% more than the previous year – an all-time record for us.

Our results

Our net result for 2013 was € 464 million (2012: € 359 million), and with a dividend payment of € 325 million (2012: € 215 million), we were able to make a substantial financial contribution to the Dutch treasury. The dividend payment for this year has been increased to 70% of the result after taxes, due to the one-off release of part of a pension provision in 2013. Our revenues increased, partly due to a number of new network facilities becoming operational, such as the nitrogen buffer at Heiligerlee. In addition, the results also benefited from our continued focus on lowering operating costs and increasing efficiency.

In 2013, we met and, in fact, exceeded our targets relating to security of supply. However, we failed to meet certain targets relating to safety. We deeply regret that, in November 2013, a fatal accident occurred involving one of our contractors during the laying of a pipeline. We have taken measures to improve our safety performance and restore it to the desired level. Safety – both for employees and for the communities in which we work – remains our highest priority.

Earthquakes

There is currently considerable commotion in the Dutch energy world. Earthquakes resulting from gas production in the north of the country have led to a clash between economic and social interests. We believe that the government needs to pay serious attention to the safety and rights of the inhabitants affected and to compensate them for damage caused. In particular, the government should reduce the chances of any recurrence, minimise the consequences of any recurrence, and strengthen the economic power of the region. The Minister of Economic Affairs has already taken a number of steps. Key aspects are security of supply and public confidence in gas production.

A national energy agreement in the Netherlands

In 2013, the national energy agreement for sustainable growth came into being under the auspices of the Social Economic Council. In reaching this agreement, the government, employers and trade unions, environmental organisations and other social groups jointly took an important step. The agreement, which enjoys wide support, focuses on renewable energy sources, such as wind and solar power, mapping out a steady course towards a sustainable energy future. Gasunie is convinced that gas will continue to play a part in the energy mix of the future. With gas as the cleanest fossil fuel, combining flexibly with energy from sustainable sources, we can make the transition to a renewable supply of energy reliable and affordable. This will require close cooperation between the operators of gas and electricity networks and supply chain partners, at both EU and regional level. We will be doing our best to bring this about in the coming years.

Connecting through cooperation

As a member of Netbeheer Nederland, we have helped to draw up the Dutch Renewable Energy Action Plan 2030. The main objectives for the energy network of the future are added value, better usage and smart expansion. In this way, the energy system can be adjusted to meet future requirements relating to flexibility and large quantities of renewable energy, while reliability and safety remain guaranteed.

We are also participating in international efforts to establish a sustainable energy supply. Working together with network operators in France, Belgium, Denmark and Sweden, for example, we have launched an initiative to make the provision of gas CO₂-neutral by 2050. In this, we focus on reducing emissions and further developing power-to-gas, break-bulk LNG and green gas.

We will also be increasing our efforts within the company to facilitate the energy transition. In early 2014, we set up a special department to coordinate and encourage projects in this field. Where possible, we shall undertake such projects jointly with others.

Society relies on gas and counts on it to be always available. Over the past 50 years, we have worked hard to build up this trust, and we will continue to do so. Gas plays an important role in a reliable, sustainable and affordable energy supply.

Han Fennema, CEO Gasunie

Our organisation

In 2013, there were a number of changes in the membership of the Executive Board and the Supervisory Board. On 23 April 2013, we took leave of three members of the Supervisory Board, and are very grateful to them for all the work they have done for Gasunie over the years. On 1 October 2013, we welcomed Martika Jonk and Willem Schoeber as members of the Supervisory Board.

On 1 September, Paul van Gelder left Gasunie, and he was succeeded by Geert Graaf as interim CEO. On 1 March 2014, Geert handed over to the new CEO, Han Fennema, and left the company. We are very grateful to both Paul and Geert for the sizeable contributions they have made to Gasunie's success.

Stakeholders

If we are to achieve our goals, it is vital that we maintain a harmonious relationship with those with whom we live and work. We therefore maintain close links with many of our stakeholders, and continuously seek to balance the interests of all. As part of that endeavour, we aim to communicate transparently and coherently about what we do. This is why, for the first time, we are issuing our account of Gasunie's activities over the past year in a single, integrated report.

We wish to express our appreciation and gratitude to our employees for their commitment over the past year. Our plans for 2014 and the years thereafter are ambitious. But thanks to the tireless efforts and professional qualities of our employees, we are in an excellent position to realise them.

Han Fennema (CEO)

René Oudejans (CFO)