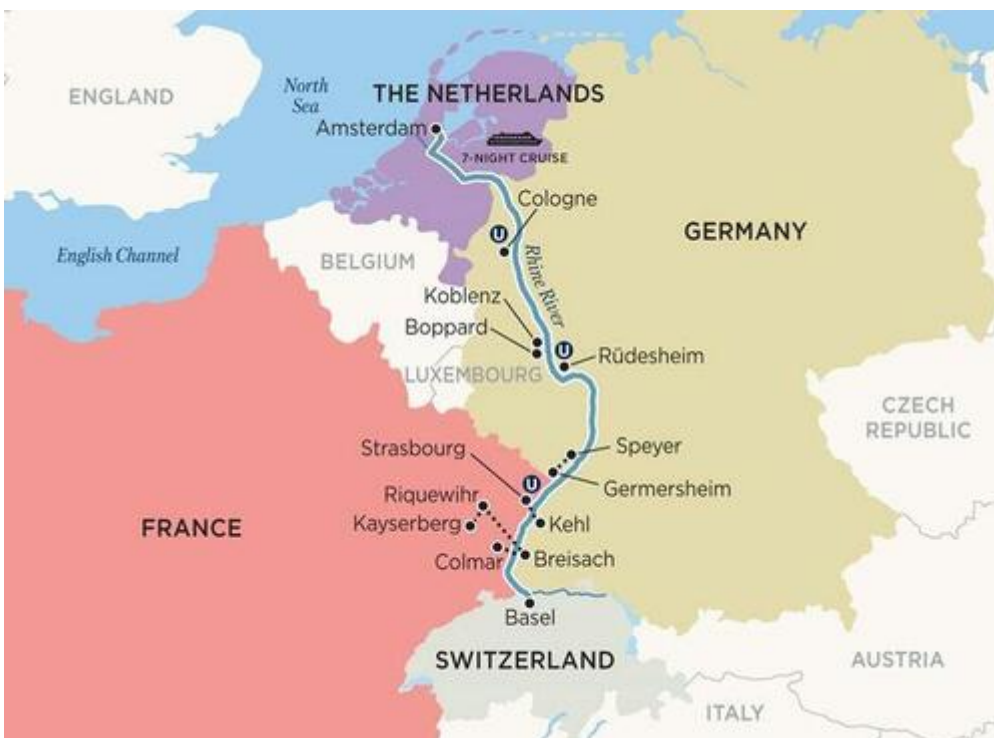




Germany's Energy Crisis About To Get Even Worse As Rhine Water Levels Plummet

Description

GERMANY: What has already been a year from hell for Germany, which is suffering energy hyperinflation as a result of Europe's sanctions on Russia, and which is "facing the biggest crisis the country has ever had" according to the president of the German employers association, is about to get even worse as **the declining water level of the Rhine river, which has historically been a key infrastructure transit artery across Germany, continues to fall and as it does, the flow of commodities to inland Europe is starting to buckle** threatening to make an already historic crisis even worse.



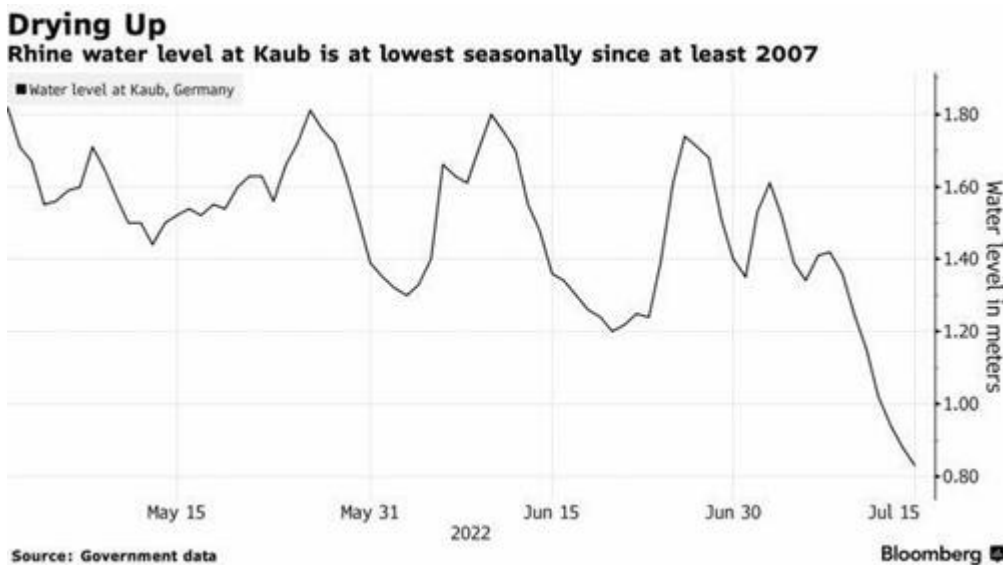
The alarming lack of water is contributing to oil product supply problems in Switzerland and preventing

at least two power plants in Germany from getting all the coal they need, and what's more, the continent's sizzling summer temperatures are forecast to climb even higher in the coming week, leading to even lower water levels.

The 800-mile (1,288-kilometer) Rhine river runs from Switzerland all the way to the North Sea **and is used to transport tens of millions of tons of commodities through inland Europe.** But with water levels at their lowest for the time of year in 15 years, there is a limit how much fuel, coal and other vital cargo that barges can carry up and down the river.

Low water levels on the Rhine River mean that barges hauling middle distillate-type oil products – typically gasoil/diesel – past Kaub in Germany, **are limited to loading about 30% of capacity, according to maritime brokerage services firm Riverlake.**

A barge loading in the energy hub of Amsterdam-Rotterdam-Antwerp (or ARA), which can haul 2.5k tons when fully laden, **is restricted to taking on about 800 tons if sailing to destinations beyond Kaub.** As shown below, the water level at Kaub has fallen in recent days and is at its lowest on a seasonal basis since at least 2007. According to Riverlake, further decreases in loading volumes for barges hauling middle distillates from ARA to inland destinations beyond Kaub are expected in coming days.



This – coupled with capacity issues on German railways – has meant that Switzerland is struggling with supplies of oil products, mainly diesel/heating oil, according to Avenenergy Suisse, the landlocked country's organization for fuel importers.

Low Rhine water level combined with capacity problems on German railways are the reasons, managing director Roland Bilang told Bloomberg, adding that supply problems mainly concern diesel/heating oil.

"It has happened from time to time in the past that temporarily not enough mineral oil products could be transported to Switzerland and therefore the compulsory stocks had to be tapped." Biland recommends private households fill their heating oil tanks early.

Meanwhile, Bloomberg reports that power plants at Mannheim and Karlsruhe in Germany, operated by

Grosskraftwerk Mannheim and EnBW, have been struggling to source coal because of the shallow water – just as the country frets that Russia won't restart flows on a key gas pipeline. The companies said their generation operations aren't currently affected.

Because of the tight coal market and low Rhine levels making it hard to deliver the fuel, **only 65% of Germany's coal capacity will be available in coming months**, according to S&P Global Commodity Insights analyst Sabrina Kernbichler. This is bad news for a country whose biggest energy utilities are starting to drain natgas reserves as a result of the halt in Nord Stream 1 shipments, jeopardising millions of Germans with freezing should the country fail to restock fully ahead of the winter.

Germany also imports oil products up the Rhine, including fuel and heating oil. There's currently no shortage of gasoline or diesel in the country, according to Herbert Rabl, spokesman for Tankstellen-Interessenverband e.V., which represents fuel station leaseholders and owners in Germany.

Shell – which owns the Wesseling and Godorf refineries along the Rhine – is monitoring the situation, according to a spokesperson.

by Tyler Durden

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1. Economy-Business-Fin/Invest
2. Main

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