



Cross border interconnections and inter-European cooperation



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THE EUROPEAN GAS CONFERENCE
3RD ANNUAL MEETING

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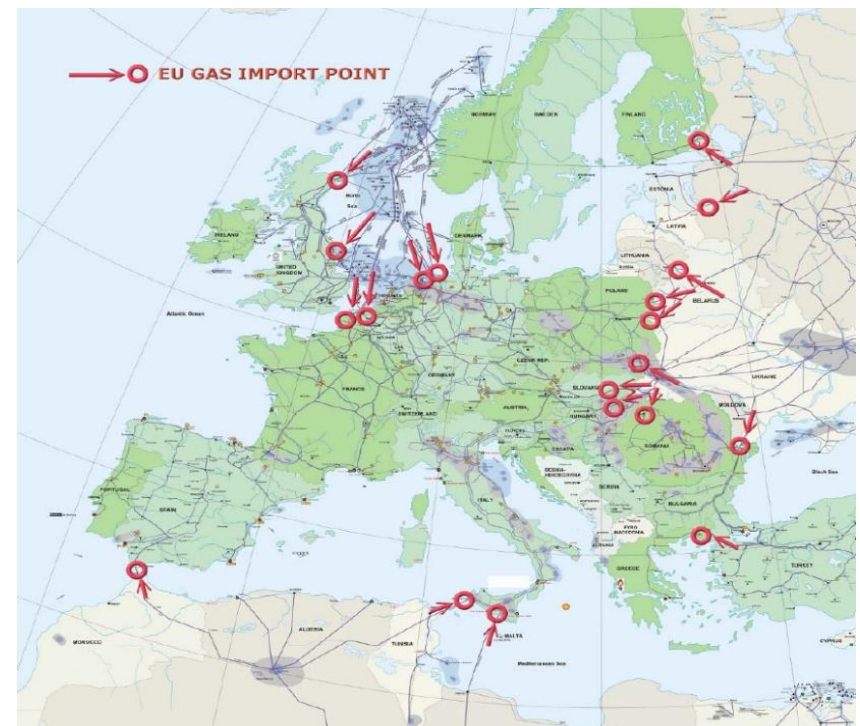
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Diversification of the sources of supplies is not the only problem to be solved...

Strategy...

- ✓ Building of cross-border pipelines (interconnectors)
- ✓ Development of UGS
- ✓ Development of the transit gas pipelines
- ✓ Modernization & optimization of the transportation systems
- ✓ Improvement of the technical conditions of the installations

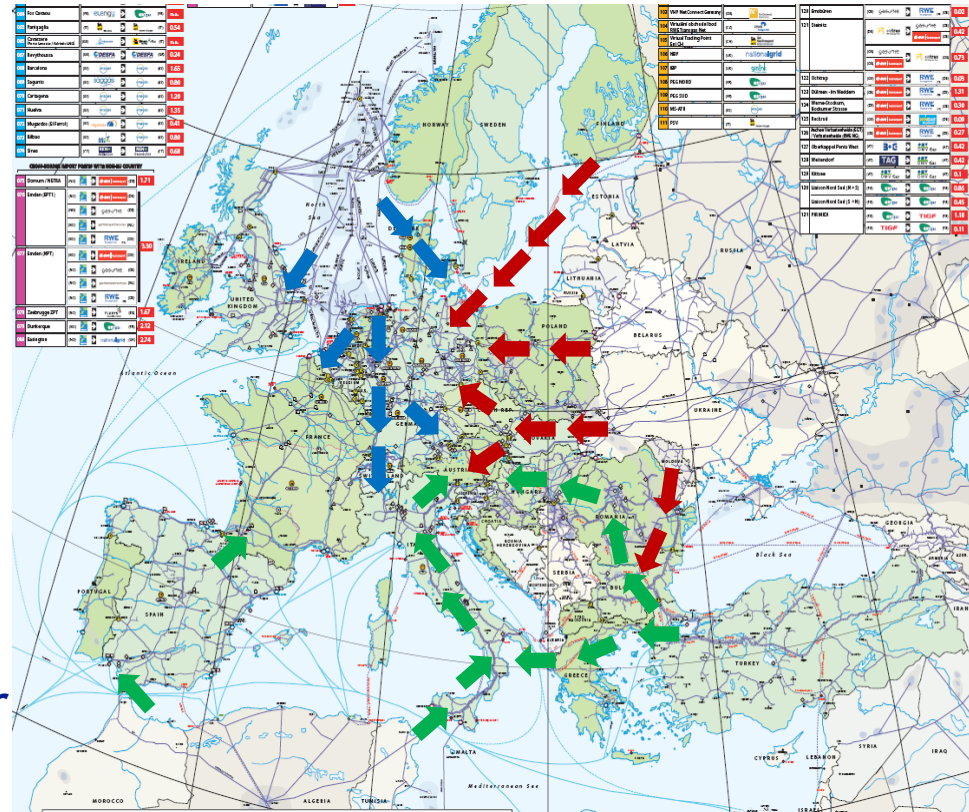
Existing natural (LNG) entry points and gas pipelines to the EU



Source: TEN-ENERGY Priority Corridors for Energy Transmission, Ramboll Oil & Gas, Nov., 2008.

Security of natural gas supplies requires...

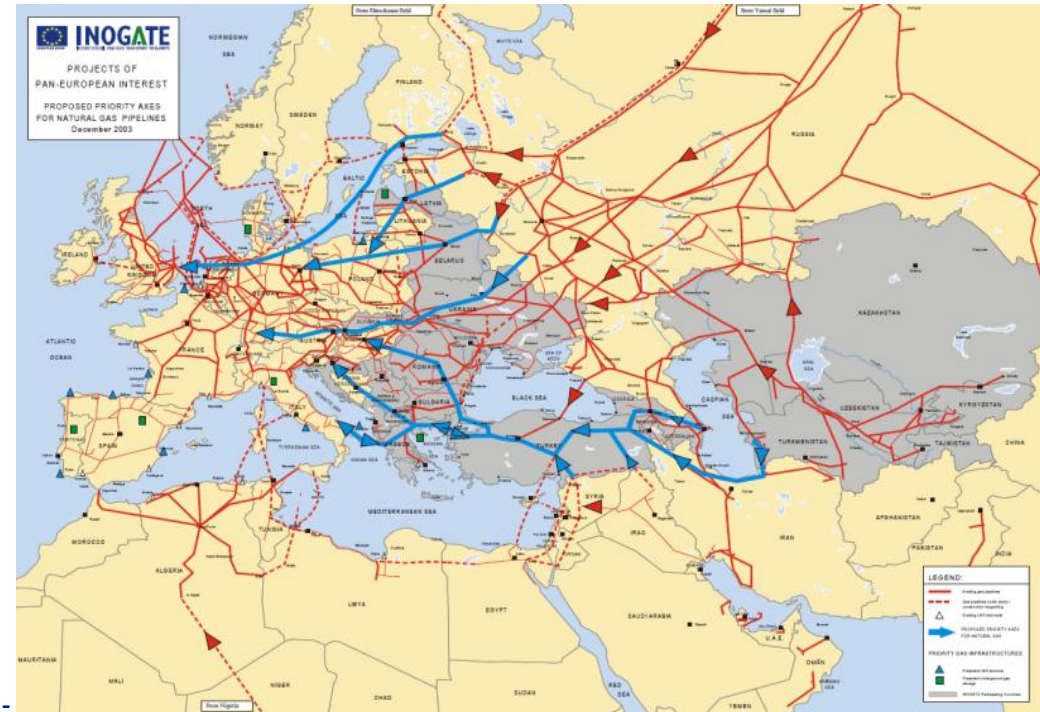
- ✓ Strategic planning
- ✓ Effective purchasing procedures
- ✓ Development of the market (new applications)
- ✓ Pro-ecological solutions,
- ✓ Direct access to a high efficient, modern & flexible technologies,
- ✓ Standard -no common EU norm for natural gas.



Source: Energy Studies Institute, 2009 based on own calculations and GIE maps.

Russia and Ukraine still have to face major political issues of the future gas transit through Ukraine

- There is no integrated EU natural gas supply system. **EU natural gas supply system and natural gas flow directions**
We can see countries' "local" pipelines and gas storages caverns systems or hubs developed only in EU-15; no reversed interconnectors across EU, and mainly one direction gas flow.
The recognised lack of an efficient infrastructure network is a key element to be addressed in the development of the EU-27, and especially integration into the internal market.
- Russia will be a dominant natural gas supplier to the majority number of European countries in the nearest future.
- Is there a common EU Energy Strategy ?
Do we have "Natural Gas sub-strategy for EU" ?
Is our problem already addressed ?
- Shale gas and tight gas in Poland, Austria, Hungary, Germany or Sweden... could be a turning point or dead-center like in the USA?



Source: www.inogate.com

Potential locations for new LNG re-gasification terminals in Europe

✓ Europe's upstream oil & gas production is still declining.

✓ LNG suppliers will be abundant for the next several years and investment in new LNG projects has abruptly been delayed (like in Poland) or ceased (now one can estimate the delay in Poland for min. 2 years)

✓ We can't expect that yesterday's LNG oversupply will likely be followed by a longer period of time having on mind „shale and tight gas projects” in CEE

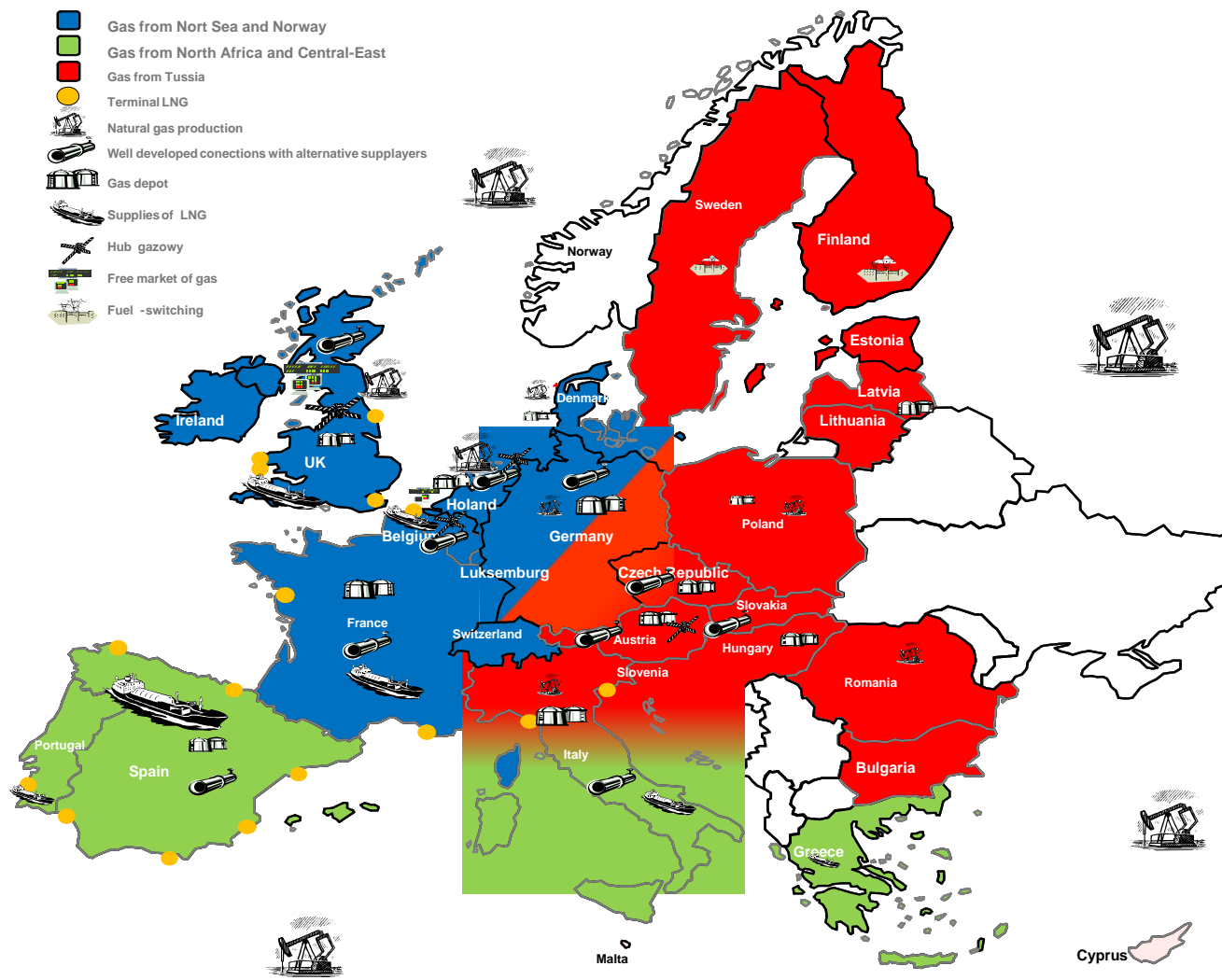


Source: LNG in Europe An Overview of European Import Terminals, King & Spalding International LLP; own data.

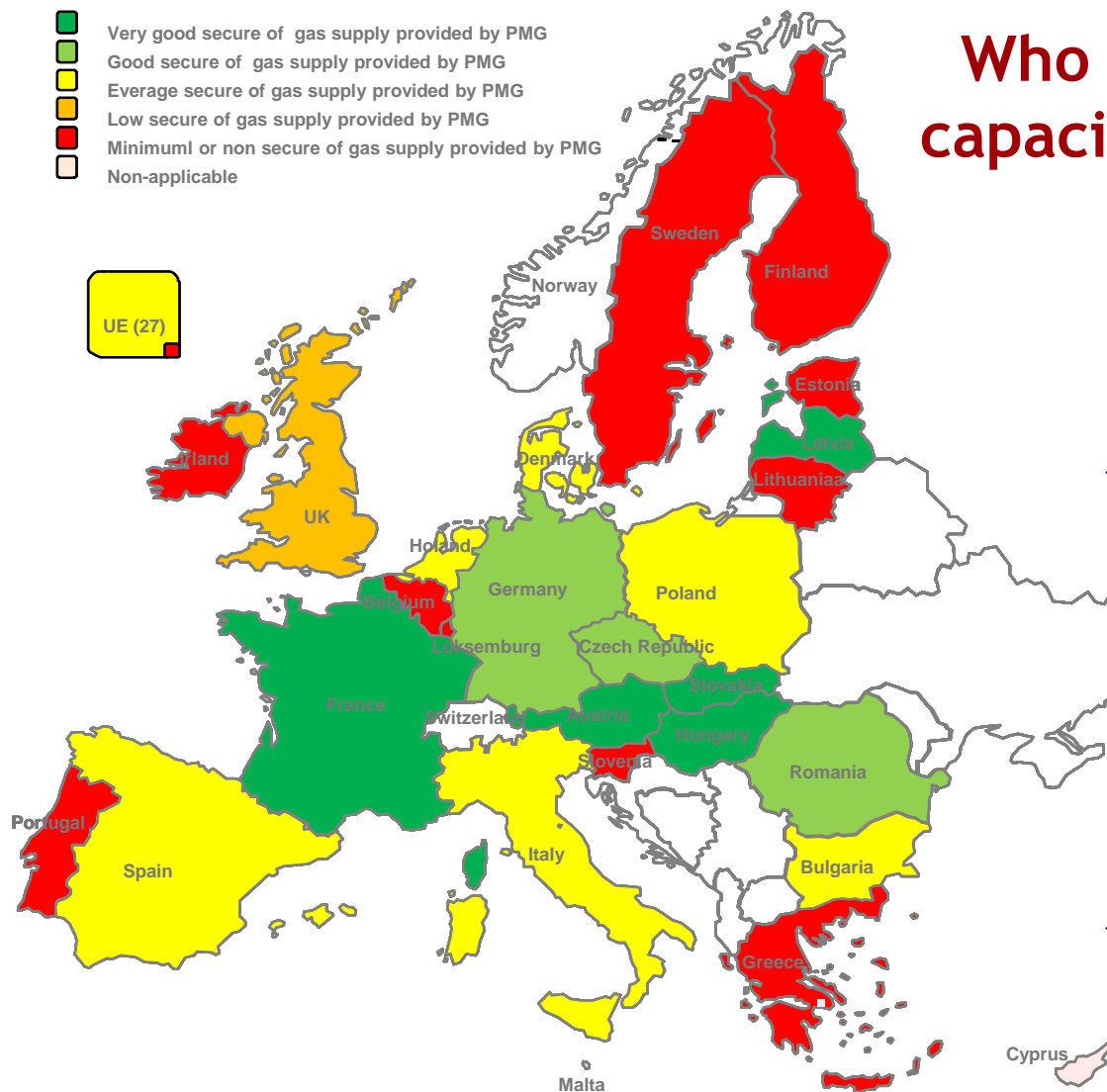
Security of natural gas supplies requires...

- ✓ Building of cross-border pipelines (interconnectors),
- ✓ Development of UGS,
- ✓ Development of the transit gas pipelines,
- ✓ Modernization & optimization of the transportation systems,
- ✓ Improvement of the technical conditions of the installations,
- ✓ Strategic planning
- ✓ Effective purchasing procedures
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A list of the potential tools which can increase security of supply for the member states of the EU.



Who has got enough UGS capacity with proper outlet pressure?



- ✓ Access to grids, gas storage and cross-border connections is difficult for non-incumbents
- ✓ Few energy suppliers dominate the markets

Competitive, efficient energy markets are essential

- ✓ Access to grids, gas storage and cross-border connections is difficult for non-incumbents
- ✓ Few energy suppliers dominate the markets

Third package is an important step but who:

- ✓ supports the EC Third Package and calls for its rapid adoption and implementation ?
- ✓ calls for improvements to the Third Package in key areas to ensure its effectiveness ?
- ✓ calls for transitional measures until energy markets are competitive ?

The way forward to „ENERGYze” the European industry

ACTIONS NEEDED

- ✓ Industry uses renewable raw materials for some of its processes and is an important actor with regard to the development of renewable energy
- ✓ EU legislation must not favor the use of renewable resources for energy generation over their industrial use
- ✓ The promotion of renewable energy should adhere to key principles: cost-efficiency, sustainability, technology-neutrality
- ✓ EU legislation should provide for national exemption measures for energy-intensive industries to alleviate the cost burden and thereby guard international competitiveness



Questions ?

Thank you very much !



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