Russian gas for Europe

a strong relationship @ risk ?

ENERGETIKA XXI: economy, policy, ecology
The Role for Russian Resources under Changed Energy Prices and De-carbonization
St. Petersburg, 10-11th of November 2016
a strong relationship @ risk?

• @ first glance best preconditions

• @ second glance reasons for concern

• What is actually @ risk?
@ first glance best preconditions

• Complementarity of positions

• Development of Russian gas exports

• Development of European gas reserves and static lifetime

• Long term contracts mainly until 2035

• Product features of a convenient and clean fuel
Complementarity of positions

Imbalance of production and consumption

Europe

N. America

Russia

Development of Russian gas exports

Data: Gazprom in Figures, Factbooks different years

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European gas reserves and static lifetime


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@ first glance best preconditions

- Complementarity of positions
- Development of Russian gas exports
- Development of European gas reserves and static lifetime
- Long term contracts mainly until 2035
- Product features of a convenient and clean fuel
@ second glance reasons for concern

• Gas consumption trends

• EU regulatory measures and politics

• EU climate policy

• German climate Policy

• Changes in strategic alliances
Gas consumption trends

„Increase in global energy use will happen completely outside OECD“

In EU „gas use does not return to the peak reached in 2010“

Source: IEA World Energy Outlook 2015

Growth of Gas Consumption 2000 – 2015: 967 bcm

Source: BP Statistical Review 2016
Gas supply diversification options for the EU
Results of the EWI/Eucers study for the German Federal Foreign Office
Ukraine: Transit rate vs. utilization

Findings from EWI/EUCERS Study October 2016

**Figure S8: Utilisation of Russian Transit Routes with Respect to Different Ukrainian Transit Fees in 2035**

*Note: For a better comparability of results, it is assumed that OPAL can be used at 100%.*

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EU regulatory measures and politics

• Third Energy Package’s effect on use of export related infrastructure

• Changed perspective on security of supply and diversification

• Ideas to shift intra-EU transmission costs to EU-entry points*

• Interference from other than energy politics

*) Source: EWI, Rethinking Entry–Exit, Cologne December 2015)
Interference from other than energy politics

CDU-Politiker fordert Stopp von Russland-Pipeline Nord Stream 2

Deutsche Wirtschafts Nachrichten | Veröffentlicht: 18.10.16 09:16 Uhr


„Poles, Balts and Ukrainians felt their security threatened by the pipeline project“

BrExit for Nord Stream 2, an option?

Link to North Sea pipe system to complement declining volumes
Re-Branding for „Diversification“?
EU climate policy

• Reduction of greenhouse gas emissions by 80-90% until 2050

• CH$_4$ in a decarbonized environment?

• „For the EU, the salience of climate policies has a practical, energy-security focused dimension ... the EU’s climate objectives have been prioritised as a way to search for feasible non-fossil fuel alternatives in a long term perspective“

• „The perceptions of natural gas have become increasingly politicised contributing to a major gap between the industry interest and NGO’s energy-climate politics"

Cited from: EWI / EUCERS, October 2016, Options for Gas Supply Diversification for the EU and Germany in the next Two Decades
German climate policy target

- 2014: 890 Mio t
- 2030: 544 Mio t
- 2040: 362 Mio t
- 2050: 242 Mio t / 60 Mio t

- 2050 - 80%
- 2050 - 95%
German climate protection plan 2050

• Subject to controversy discussions

• Final target of reduction in 2050 so far not questioned

• Definition of milestones for emission reduction

• Definition of catalogue of measures

• Targets ambitious or unrealistic?
Scenario for climate protection 2050
German Federal Environment Ministry

Energy consumption in buildings (2008-2050)

Charts taken from the final report of a study produced by Ökoinstitut and Fraunhofer, November 2015

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Scenario for climate protection 2050
German Federal Environment Ministry

Primary energy consumption

Charts taken from the final report of a study produced by Ökoinstitut and Fraunhofer, November 2015
German Federal Environment Agency
UBA THGND 2050 Szenario

The future role of methane

Chart taken from UBA, Treibhausgasneutrales Deutschland im Jahr 2050, Hintergrund Oktober 2013

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Changes in strategic alliances

• Contracts stayed, partners changed

• Changed rules for access and pricing vs. initial bargain

• Changed view on role of natural gas

• Changed view on security of supply & diversification
what is actually @ risk?

• Huge part of capital stocks in many countries

• Predictability for investment planning

• Consistent & level playing field for energy

• Trust based cooperation, strong relationship
Большое спасибо за Ваше внимание!