

Perspectives for the EU - Russia Energy Dialogue

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Political Relations

- Watershed - Annexation of Ukraine's Crimea Region (March 2014)
- Benchmark - Implementation of the Minsk Agreements (February 2015)
- Sanctions - Prolonged until March 2018
- Tensions - Military exercise Zapad 2017 (September 2017)

Latest bilateral energy related issues

- Nord Stream 2
- Antitrust case against Gazprom
- Gas transit via Ukraine
- Southern routes for gas
- Synchronisation of the Baltic countries with the EU electricity framework

Common Areas of Interest

- Import/export of energy
- Investments in the energy sector
- Climate change
- Support for the SDG's
- Nuclear safety
- Interconnections of the energy systems

EU's Import Dependency

- Total 53%
- Oil 88%
- Gas 67%
- Coal 68%
- Monthly payments EUR 17,3 billion (EUR 38 billion in 2012)

Share of Russia in Imports

- Total 34%
- Gas 38%
- Oil 32%
- Coal 31%

Revenues of Russia from the energy trade with the EU

- EUR 70 billion in 2016 (oil EUR 46 billion, gas EUR 20 billion)
- EUR 82 billion in 2015 (oil EUR 51 billion, gas EUR 26 billion)
- EUR 150 billion in 2012 (oil EUR 110 billion, gas EUR 34 billion)

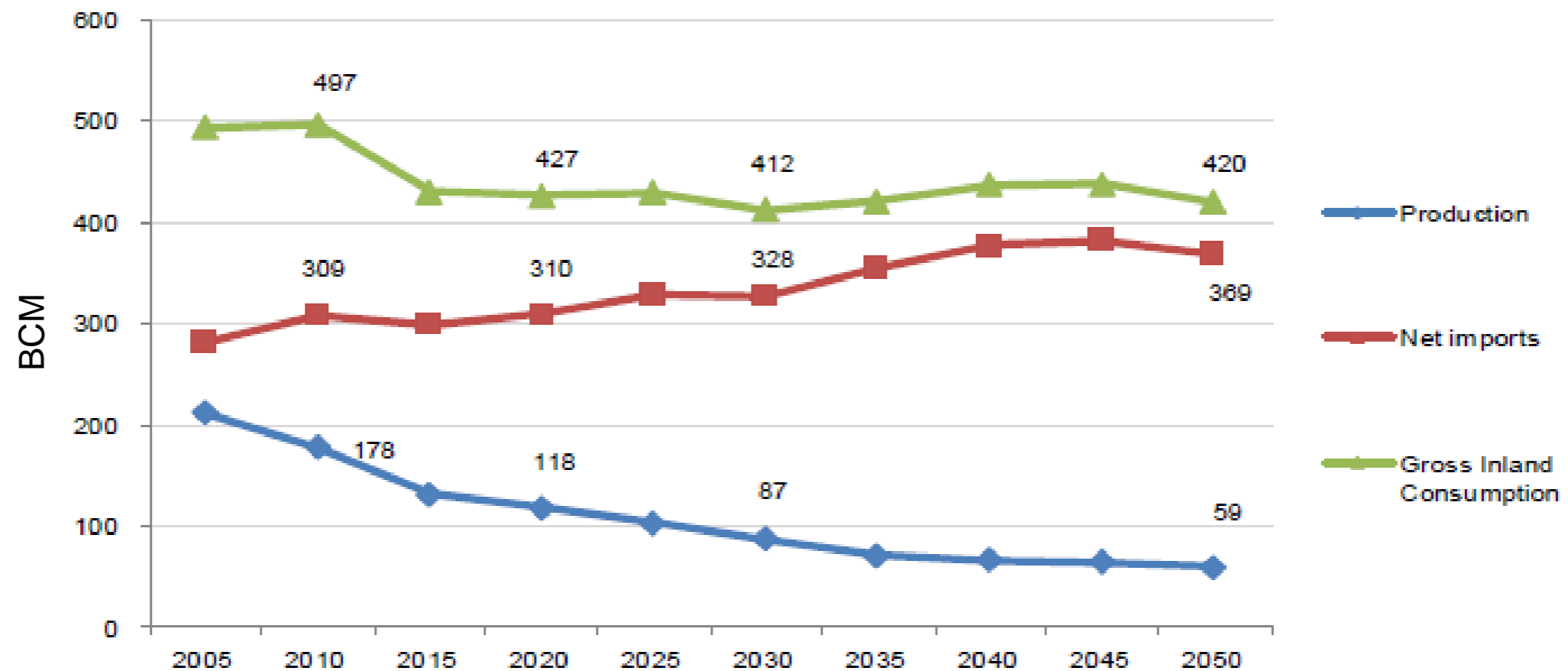
Position of Russia towards EU energy markets

- European market - the most important market
- EU's gas consumption and needs for imports will grow considerably
- Spot pricing for gas not reliable
- NS 2 in operation by the end of 2019
- Considerably reduced transit via Ukraine

Changing EU energy landscape

- Primary energy consumption - Down
- Renewable energy use - Up
- Network unbundling - Markets price correlated
- Diversification - LNG, East Med pipeline
- Further integration of the EU markets

State of the gas market



Source: PRIMES

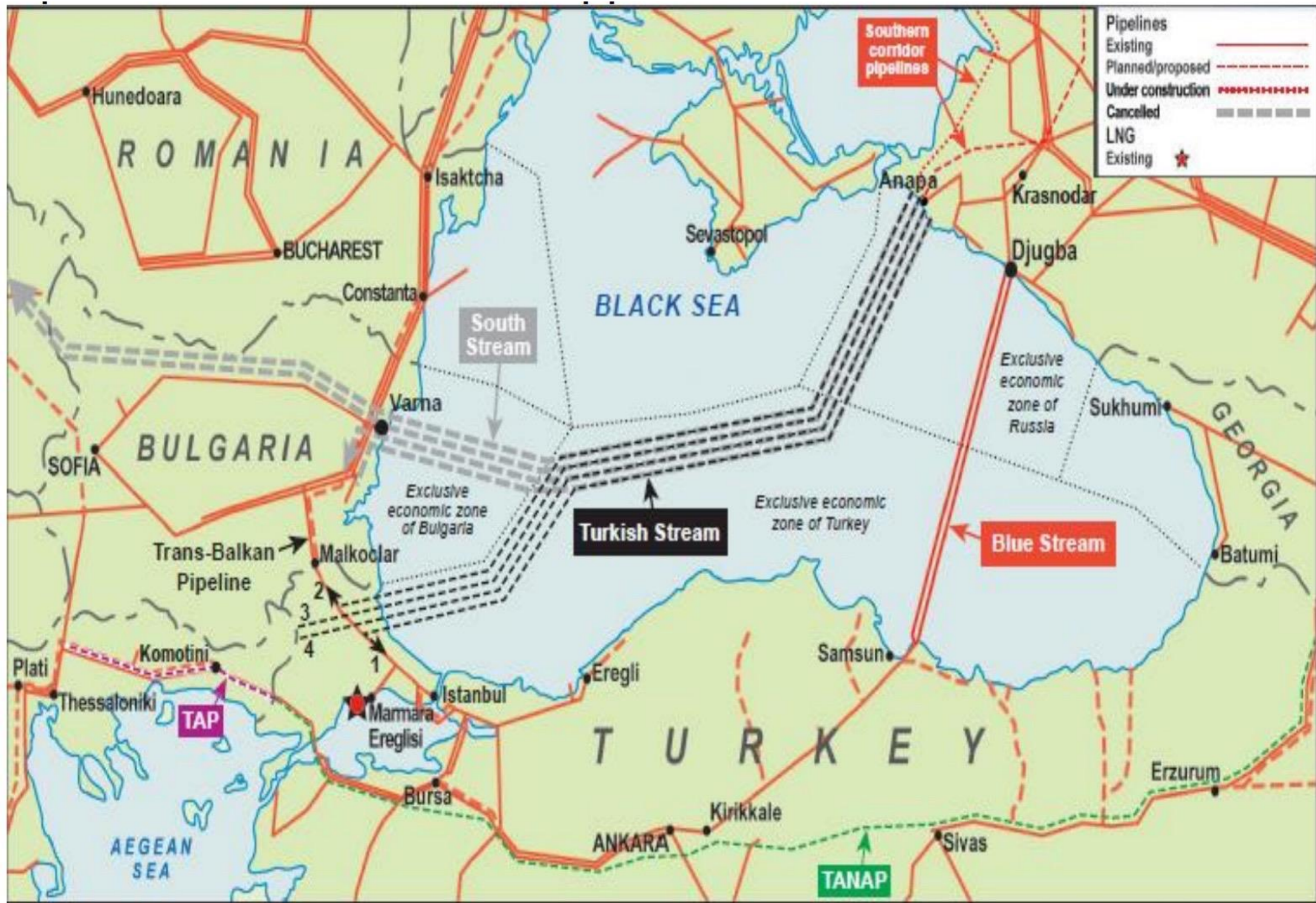
- In 2015, gas consumption valued at 90 billion euro business
- 21 % of EU primary energy mix
- 15 % share in the EU power generation mix

Nord Stream 2

- Additional 55 bcm via Baltic Sea
- NS 1 and NS 2 could carry 70% of all Russia's exports
- Political controversy
- Impact on SoS and the Internal Energy Market
- Legal regime
- Impact of sanctions








Source: OIES

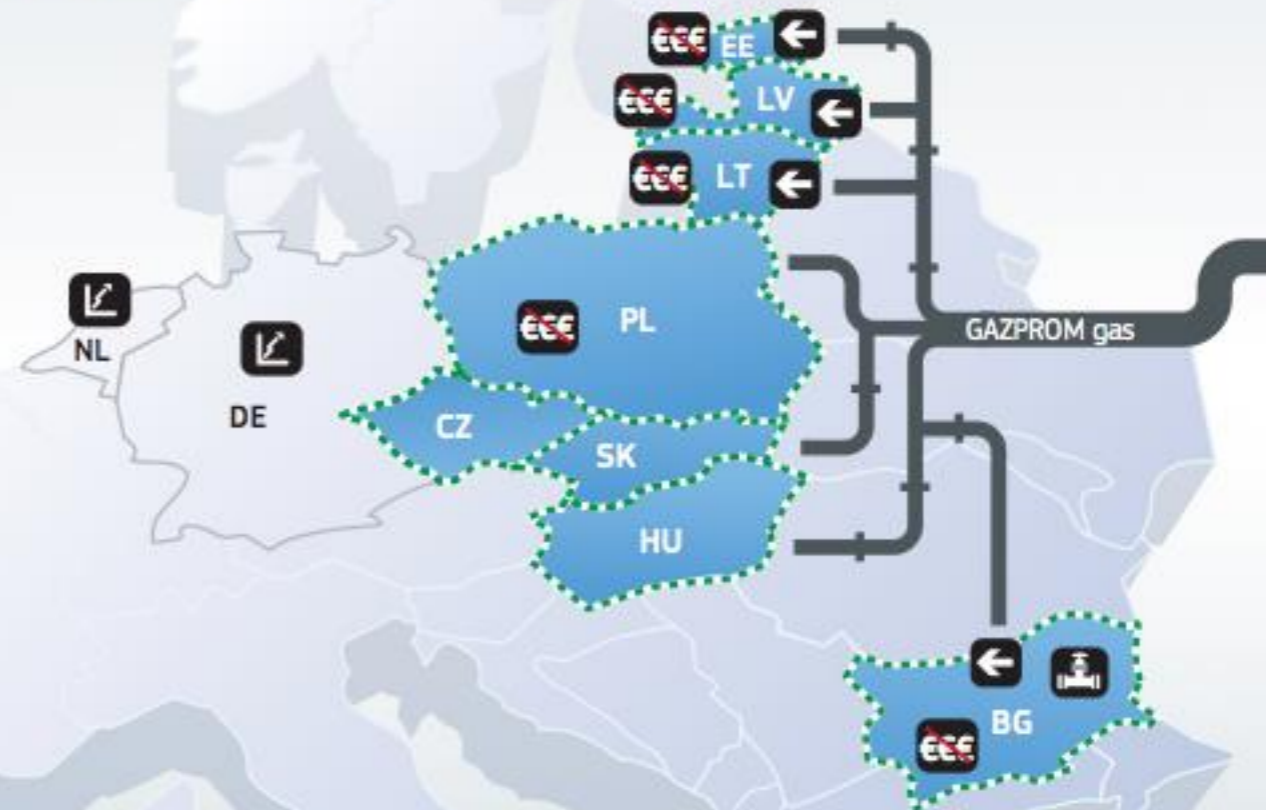


Commitments Gazprom in the antitrust case

- Cease to apply any clause restricting resale or territorial restrictions
- Enable interconnections
- Give the right to request changes to the gas prices when these diverge from competitive price benchmarks
- Offer its existing buyers the right to request a change of delivery points

GAZPROM's proposed measures to remedy competition concerns

-  Allowing cross-border flows of gas
-  Ensuring competitive prices, linked e.g. to liquid hubs 
-  Enabling interconnections
-  Providing flexibility to divert gas to this delivery point



Back to the Roadmap?

- Roadmap of EU - Russia Energy cooperation (signed 2013)
- Experience of the EU - Russia energy dialogue since 2000
- The relationship between SoS and SoD
- Pan - European Energy Space by 2050 ?

Thank You