

Gas Supply Security in an Energy Union

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Energy Union

Polish proposal - 2014

1. Designing the energy infrastructure, including interconnectors and energy storages, to take advantage of the maximum permissible EU co-financing rate of 70%.
2. Enhancing the mechanism of solidarity among the Member States in the event **that supply of energy is terminated**.
3. Encouraging EU countries to jointly negotiate new contracts with external energy suppliers.
4. Utilizing fossil fuel sources available in Europe while catering to environmental needs.
5. Diversifying the imported natural gas from other partners, for example from the United States.
6. Ensuring energy security of the EU's neighboring countries and strengthening the Energy Community.

EC proposal - 2015

1. Developing further diversification (energy sources, suppliers, routes) for energy security, solidarity, and trust.
2. Improving the internal EU energy market: ACER playing a bigger role to support the regional cooperation and develop the storage potential in the EU.
3. Encouraging energy efficiency.
4. Decarbonizing the economy: integrating the Energy Union with climate policy.
5. Implementing R&D to increase innovation and competitiveness.

Why Western Europe and Central Europe have different perspectives on the Energy Union

Germany

- Less dependent on Russian gas supply.
- Gazprom does not use its dominant position in Western Europe.
- Western Europe pays less for gas supply, but the length of supply is longer.
- Western European countries have gas contracts without extra clauses.
- Western European countries do not have significant experience with disruption of the gas supply.

Poland

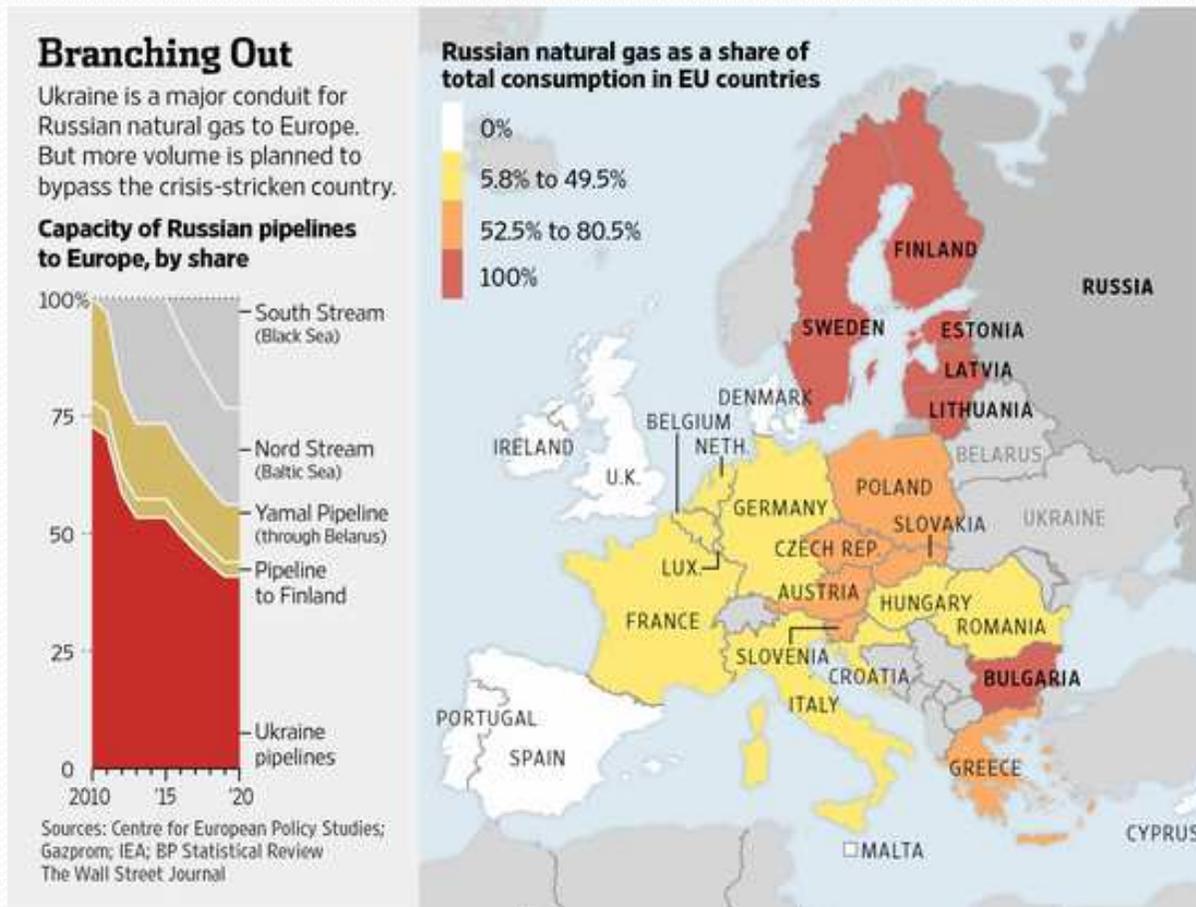
- More dependent on Russian gas supply.
- Gazprom uses dominant position in Central Europe.
- Central European countries pay more for gas supply, even though the length of supply is shorter than it for West European countries.
- Central European countries have extra clauses in gas contracts.
- Central European countries have experience with disruptions of gas supply due to Russia using gas supply as political instrument.

Different perspectives due to the architecture of pipelines in EU



Natural gas import dependency rate for the EU-28

- 2004 – 53% and 2014 – 66%



Antitrust: Commission sends Statement of Objections to Gazprom (April 2015)

GAZPROM may be abusing its dominant position in Central and Eastern Europe

--- by preventing cross-border flows of gas

€€€ by charging unfairly high prices

🏠 by extracting commitments, in return for gas, to keep control over pipelines



What instruments are preferred for energy security in different countries?

Diversification of gas supply to Europe (new sources, new suppliers, new routes).

- Development of the energy infrastructure (adding LNG terminals, new interconnectors, and two-side interconnectors, and building North-South gas corridors) and respecting the EU law (TPA).
- Regional cooperation to support energy security (two-side interconnectors).
- Strengthening the mechanism of energy security (Regulation SoS) – in a crisis situation, instruments should be adapted to help in the potential supply disruption scenarios.
- Cooperation with Energy Community countries: Balkan States, Ukraine, and Moldova.

Conclusions

- The Polish proposal for the Energy Union and the current Energy Union Package **are different**. The **Energy Union Package is more concentrated on the market and climate policy than it is on energy security**.
- Germany and Poland should understand and respect the differences in the energy mix and energy area specialization in each country. **Europe should use the energy potential to reduce the dependency on imported gas (as well as Russian gas)**.
- EU needs more solidarity and trust as well as “one voice in global affairs.” First step: **more transparency in gas contracts** and **any TPA exceptions to energy infrastructure**.



Conclusions

- **EU countries need to develop the energy infrastructure:** (LNG terminals to support not only the diversification of gas sources but also the direction, gas storages, developing the pipelines to reduce so-called “narrow throats” as well as developing two-side interconnectors and building new interconnectors, for example Spain-France, France-Italy, Poland-Lithuania).
- **Europe should develop its economic power in the global market and global competition, for which increased trust and transparency are needed.**
- **Increased competition between pipelines and LNG gas suppliers to gas prices should be lower and closer together with LNG market.**
- **EU Member States (MS) need to develop energy efficiency.**
- **EU MS should develop R&D cooperation** to support the innovation and competitiveness of European industries in the global market.

**Thank you for your attention;
you are invited to join the
discussion**

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