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ENERGY SECURITY IN CEE REGION

PRAGUE POINT OF VIEW

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Structure of presentation

- What defines energy security in EU/V4 today?
- Trends for use of natural gas in EU and worldwide
- Solutions for V4
- Note on role of CY natural gas for V4

What defines energy security in EU/V4 today?

- Sufficient and uninterrupted supply to consumers?
- Retail price of electricity, heating or gasoline?
- Source of origin / geographical location on the map of EU
- Has influence on both security of supply and wholesale price of gas in V4

Difference between V4 and other MS EU?

- One dominant supplier
  - SK imports 98,4% out of which 83,5% RF
  - CZ imports 98% out of which 58% RF
  - HU imports 78,2% out of which 100% RF
  - PL imports 72% out of which 81,3% RF
  - EU imports 65% out of which 36,5% RF *(Eurostat, 2012 figures)*
- East-West pipeline AXE
- Politics fiddling into gas deliveries

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Contd.

Difference between V4 and other MS EU

- Supply cuts in UA-RF Gas dispute in 2OO9:

Country	Cut	Response
CZ	71%	Imported gas from Norway and via Belarus/Germany Gas storage and increased domestic production
SK	97%	No alternative gas imports Gas storage and alternative fuels
PL	33%	Imported gas from Norway and via Belarus Gas storage and alternative fuels
HU	45%	Imported gas from Norway Gas storage and alternative fuels

Source: Gas Coordination Group Memo 2009

Contd.

Difference between V4 and other MS EU

- Supply cuts in UA-RF Gas dispute in 2OO9:

Country	Cut	Country	Cut
AT	66%	IT	25%
BG	100%	RO	34%
DE	10%	SI	50%
EL	80%	FR	15%

Source: Gas Coordination Group Memo 2009

Missing Gas

- UA-RF persisting disputes over gas debts or gas price could have negative affect on EU gas market.
- In 2012, about 54% of RF supplies to EU was served through UA (about 161 bcm)
- In case of disruption not only V4 would be hurt, but all 17 importers within MS EU
- Existing free capacity on Nord Stream, Jamal or other pipelines wouldn't make up for the UA cut
- *…This needs to change…*

Trends for use of natural gas in EU and worldwide

- Gas is to maintain its role in energy mixes in EU
  - HU 38% SK 28%
  - CZ 17,5% PL 13%
  - DE ?? Energiewende will demand reliable back-up capacities to RES
- Gas consumption not to increase in EU dramatically in the future, CO_2 targets motivation for fuel change, yet price remain a factor
- Global demand is to rise, especially non-OECD countries – EU bound to compete on global market *(IEA Estimate)*

DIVERSIFICATION OF SUPPLY ROUTES AND SOURCE TERRITORIES MUST CONTINUE

AndV4 does not lose time

…this 42bcma gas market is on the move…

V4 plans and projects

- North-South Gas Corridor (PL-CZ-SK-HU-HR)
  - 2014 LNG Terminal in PL, 2014 interconnector SK-HU, total over 20 PCI projects to be implemented
- Common Gas Market (since 2012)
  - Contribution to IEM, requires cooperation of NRAs, challenge
- Support for BG, RO, EL capacity pipeline
  - Swift implementation of local PCIs will establish capacity infrastructure on route similar to Nabucco West and open doors for new suppliers to the region

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North-South Gas Connection

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Note on CY natural gas for Europe

- Current about-to-break gas crisis = new impetus for diversification in CSEE
- Diversification is about long-and-mid term strategies – V4 is working on its “homework”. Within 3-5 yrs will be ready for new market entrants.
- “EU support” (financial or political) important, but has to be seen realistically (lesson learnt from Nabucco)
- Therefore, timely results from explorations proving CY natural gas reserves needed → they will foster solutions for export

Thank you for your attention

Questions?

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