



The EU-Russia Energy Dialogue

Towards an EU-Russia Energy Partnership *The Gas Dimension*



Presentation by

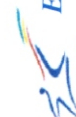
Torsten Wöllert

EU Co-director of the
EU-Russia Energy Dialogue
Technology Centre, Moscow

Directorate-General for Energy and Transport
European Commission



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Importance of EU-Russia energy relations

Data: Russia

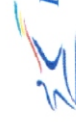
- energy sector contribution to GDP : approx 25%
- oil exports to the EU-25: 63% of oil exported
- gas exports to the EU-25 : 65% of gas exported

Data: EU-25 today

- 30% of oil imports from Russia
- 50% of gas imports from Russia



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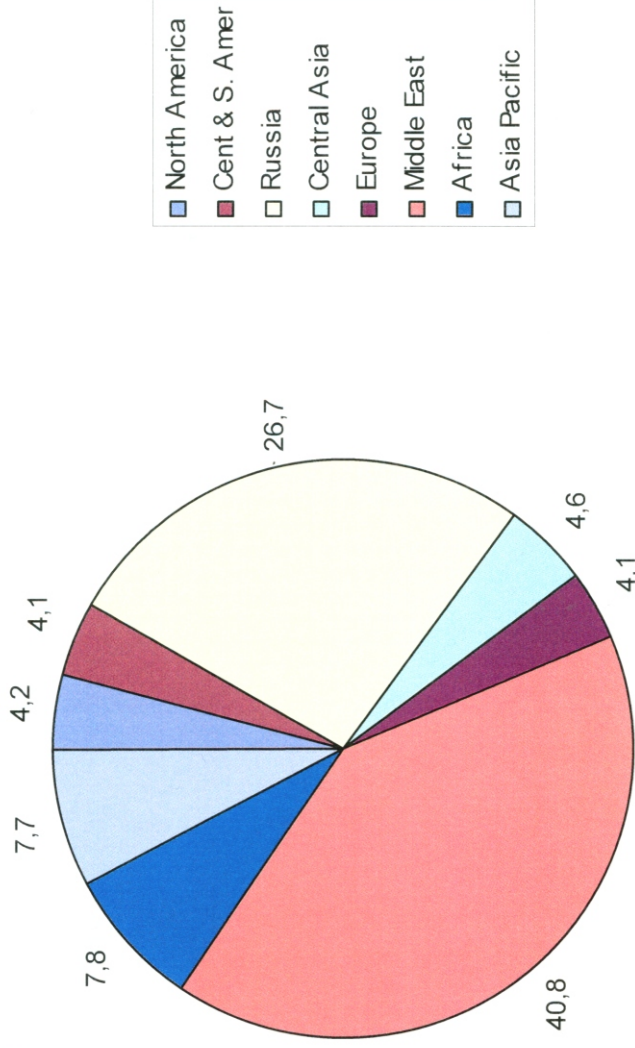


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The Global Energy Context (1): Natural Gas : World Proven Reserves (%)

176 trillion M3



BP Statistical Review of World Energy, 2004



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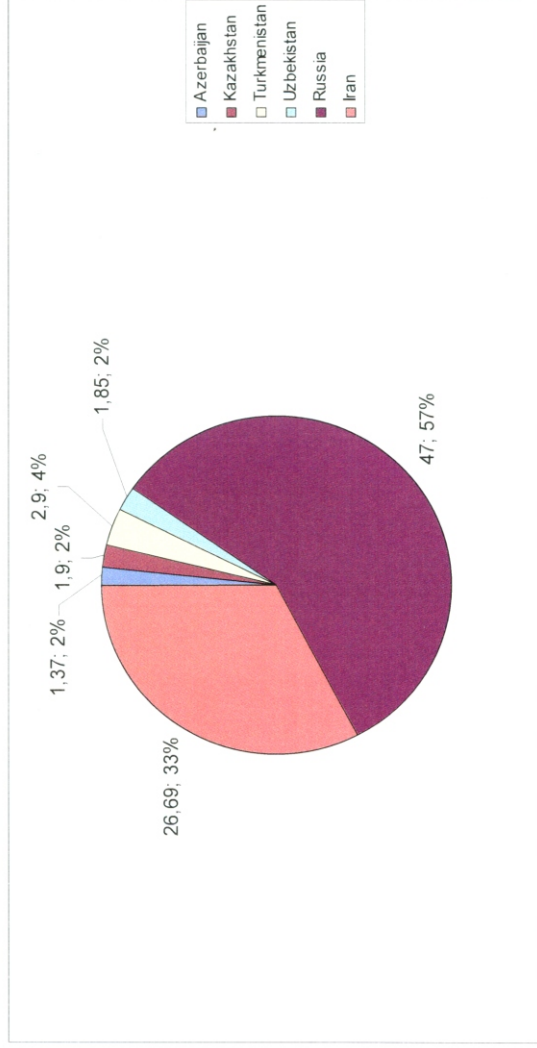


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The Global Energy Context (2): Gas : Caspian Region Proven Reserves (%)

81,5 trillion cm
47% of world reserves



BP Statistical Review of World Energy, 2004



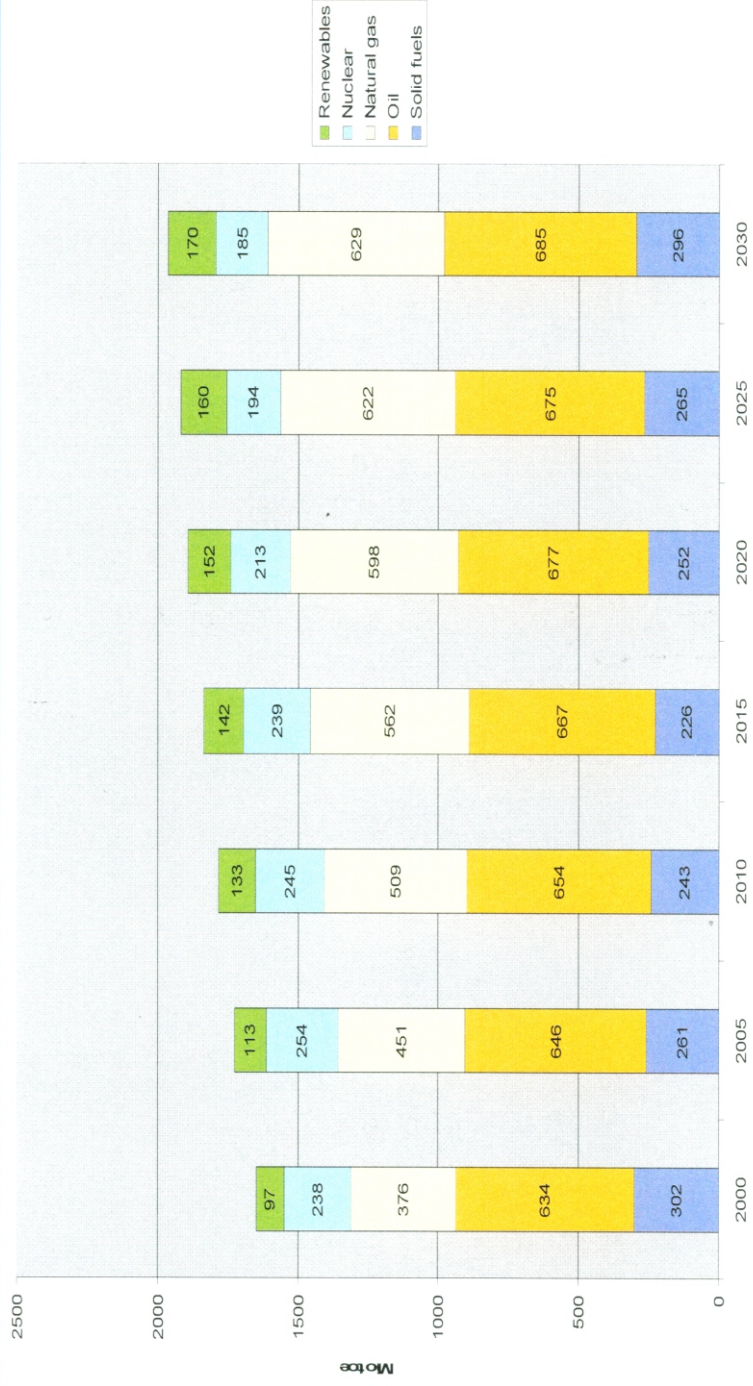
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EU-25 Gross Inland Consumption



Sources : European Commission, Trends to 2030, Brussels, 2003.



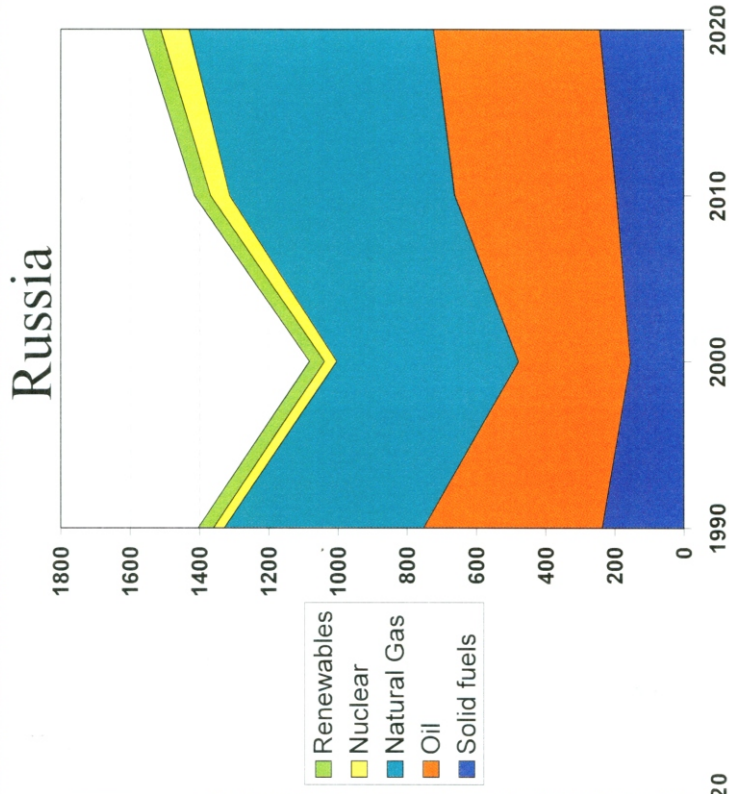
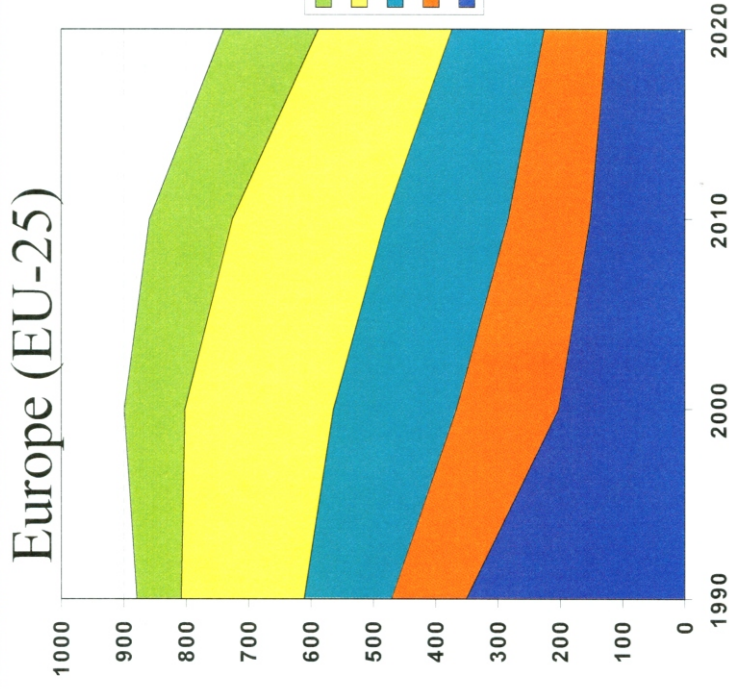
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Energy Security: Indigenous energy production (Mtoe)



67.5 % EU-25 external energy dependency by 2030!

Sources: Russian Federation; Russia's strategy until 2020, European Commission; trends to 2030



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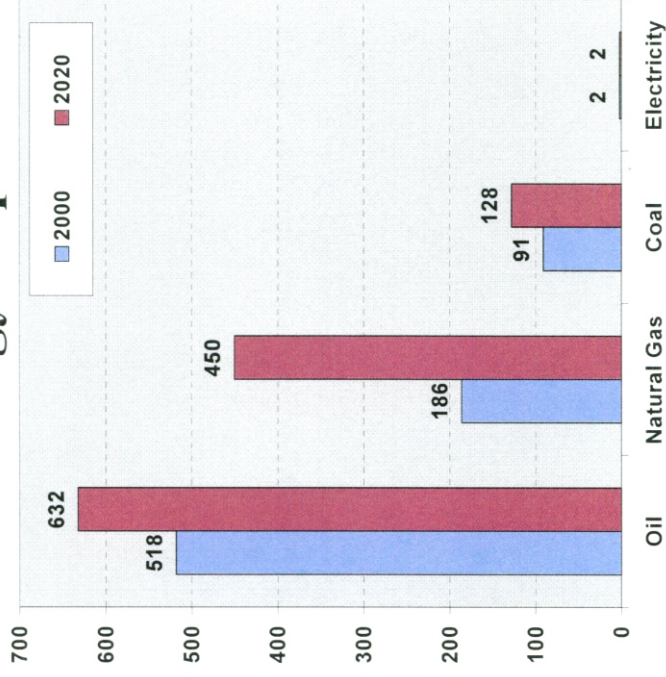


EU-RUSRIUSENERGYDIALOGUE:
European Commission's coordination strategy

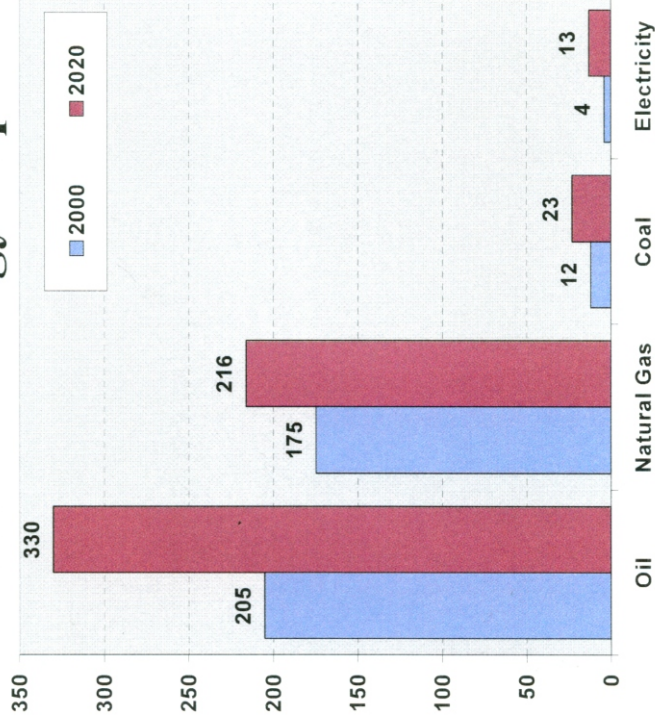


Energy Security: Energy imports and exports (in mtoe)

EU Energy Imports



Russian Energy Exports



Sources: Russian Federation : Russia's strategy until 2020, European Commission : trends to 2030



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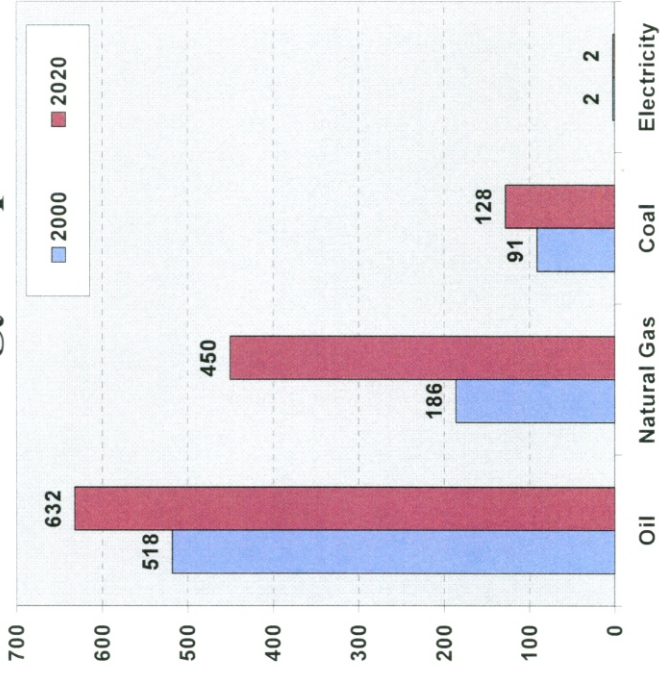


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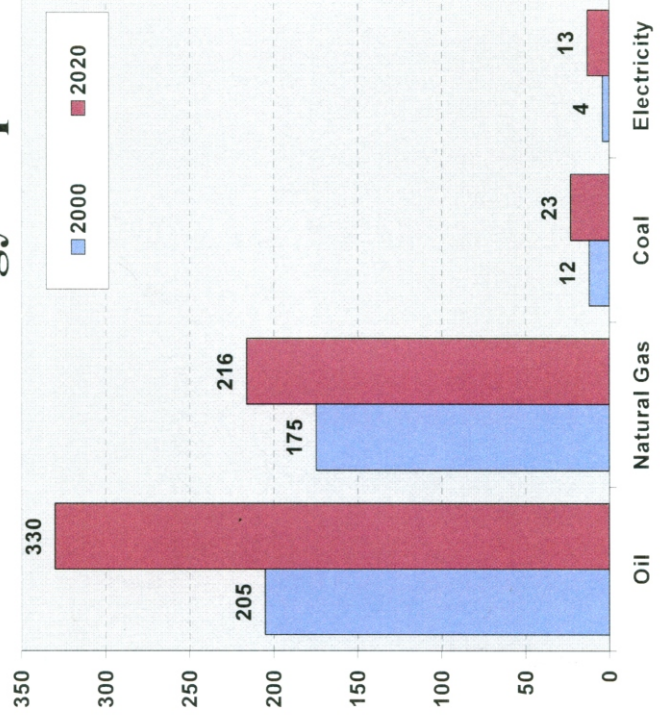


Energy Security: Energy imports and exports (in mtoe)

EU Energy Imports



Russian Energy Exports



Sources: Russian Federation : Russia's strategy until 2020, European Commission : trends to 2030



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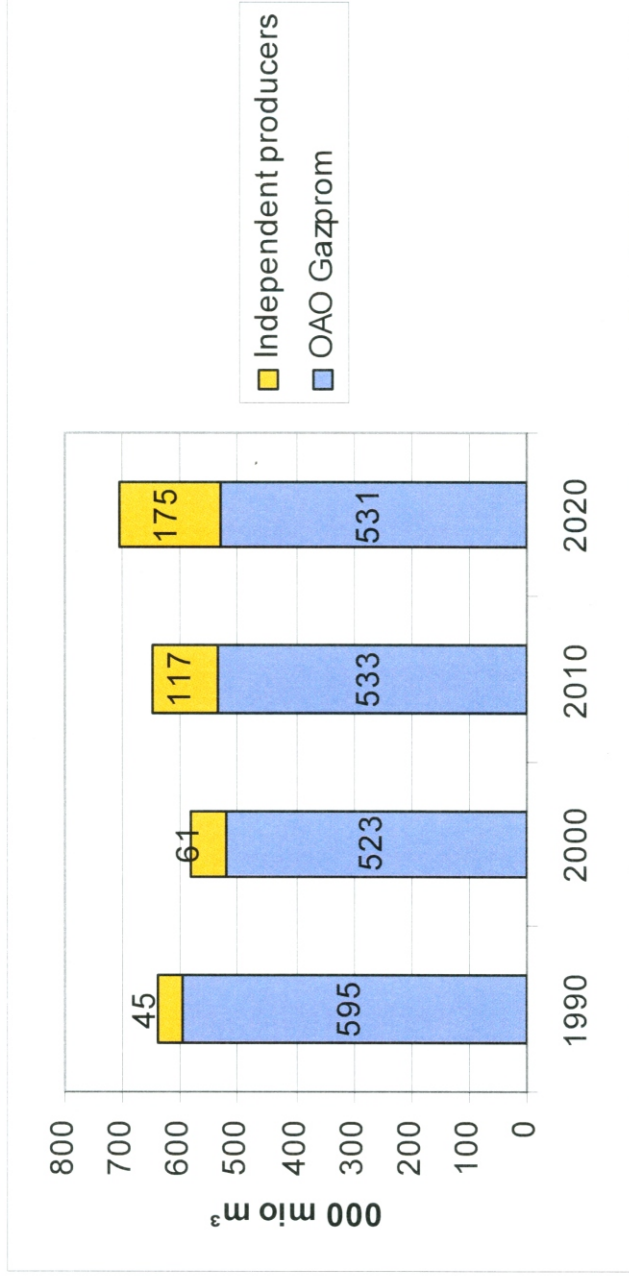


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Russian natural gas production

2000 - 2020



Sources: Russian Federation : Russia's strategy until 2020



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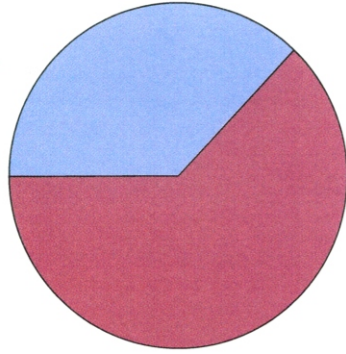
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The importance of the European market GAZPROM Sales and Receipts

Gas volumes

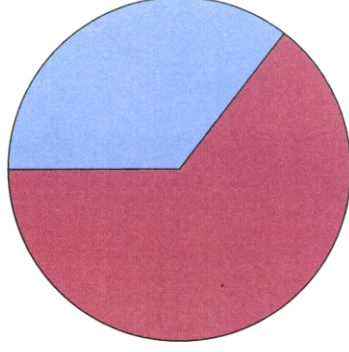
Europe and others 37 %



Russia 63%

Receipts from gas sales

Russia 35,5%



Europe and others 64,5 %

Russia 63%

Export price to Europe

\$ 130 / 1000 m3

Agreement reached at EU-Russia Summit of 21 May 2004

Domestic price to industry

\$ 24 / 1000 m3 (2004)

Domestic price to industry

\$ 37-42 /000 m3 (2006)

\$ 49- 57/000 m3 (2010)

Sources : IEA, European Commission, Gazprom



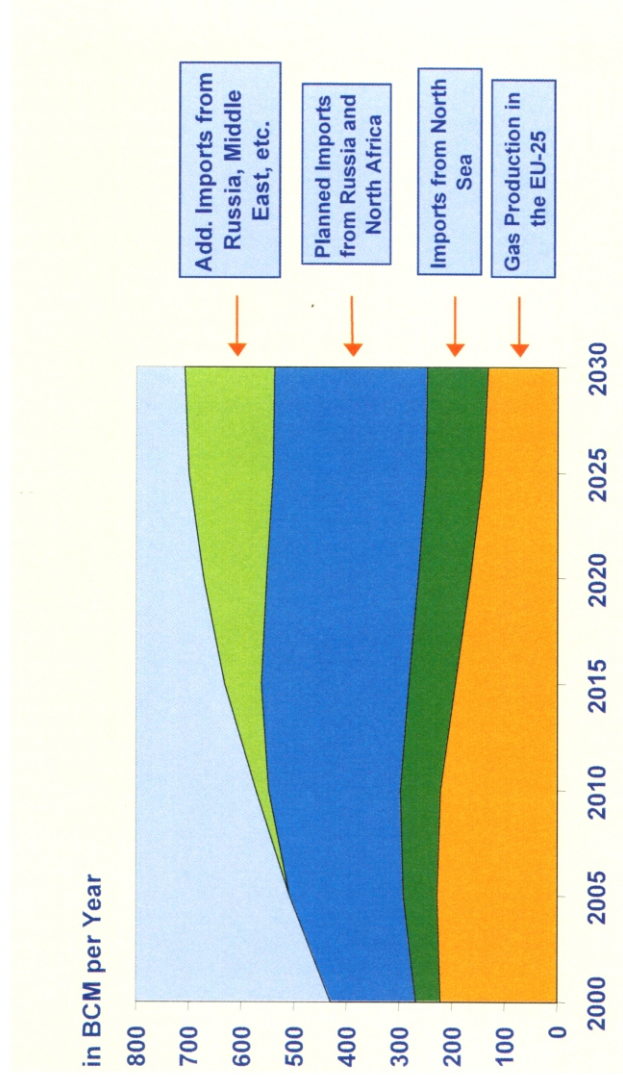
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Natural Gas Supply of the EU 2000 - 2020



- Supply must deliver 18,000 BCM in 30 years of which 10,000 imported from Russia, North Africa and Middle-East, 2,500 imported from North Sea and 5,500 produced in the EU



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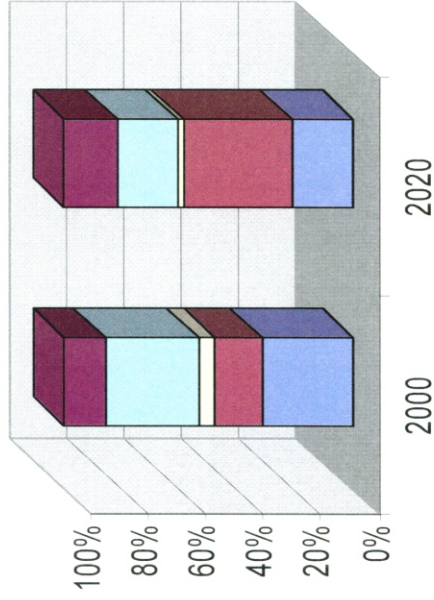


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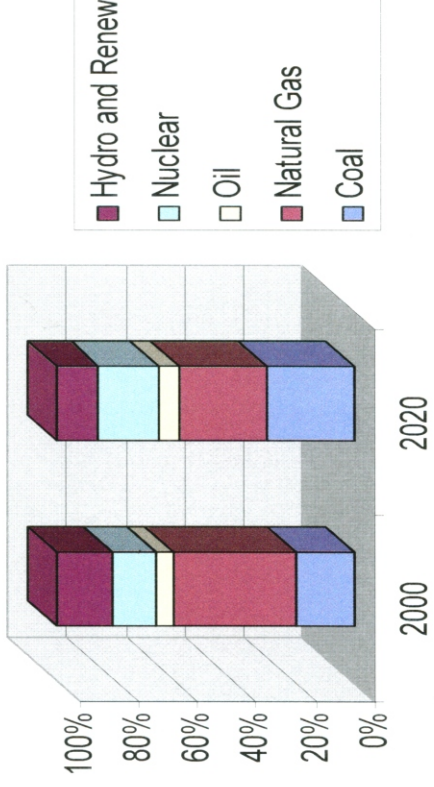


Electricity production by fuel

EU-25



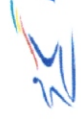
Russia



Sources : Russian Federation : 2003 Russia's Energy Strategy until 2020, European Commission : Trends to 2030



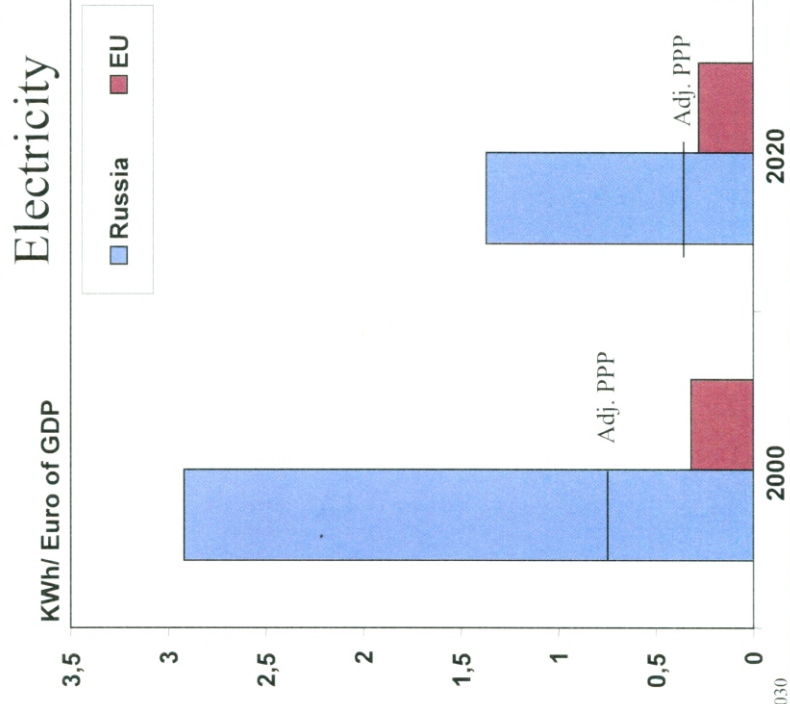
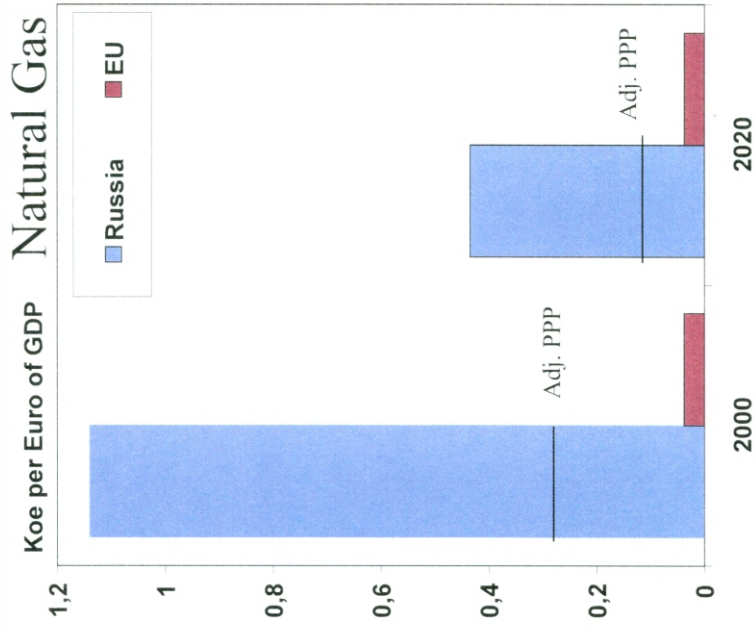
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Energy Intensity



Sources: Russian Federation : Russia's strategy until 2020, European Commission : trends to 2030



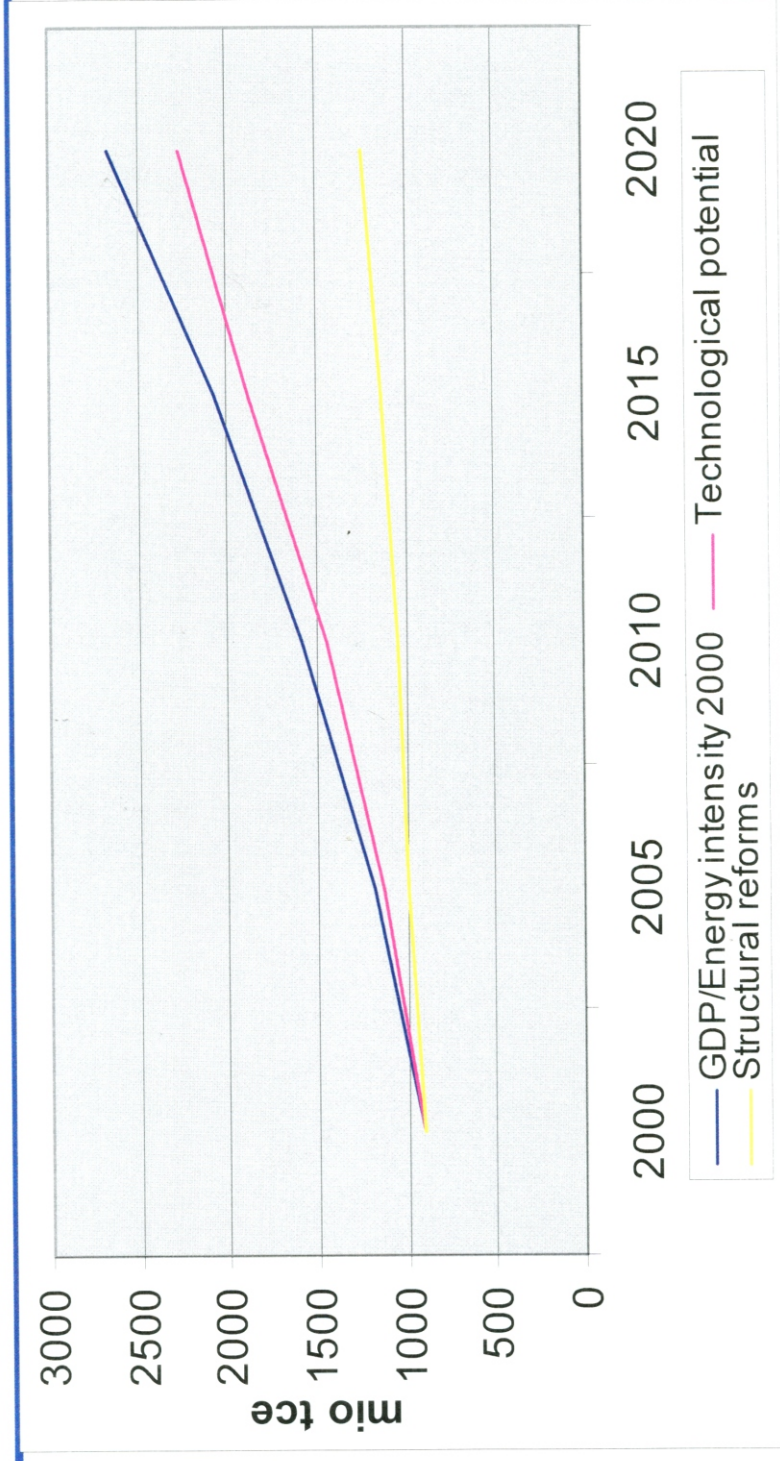
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Potential for energy savings in Russia



A. Mastepanov, Ministry of Energy, Russian Federation



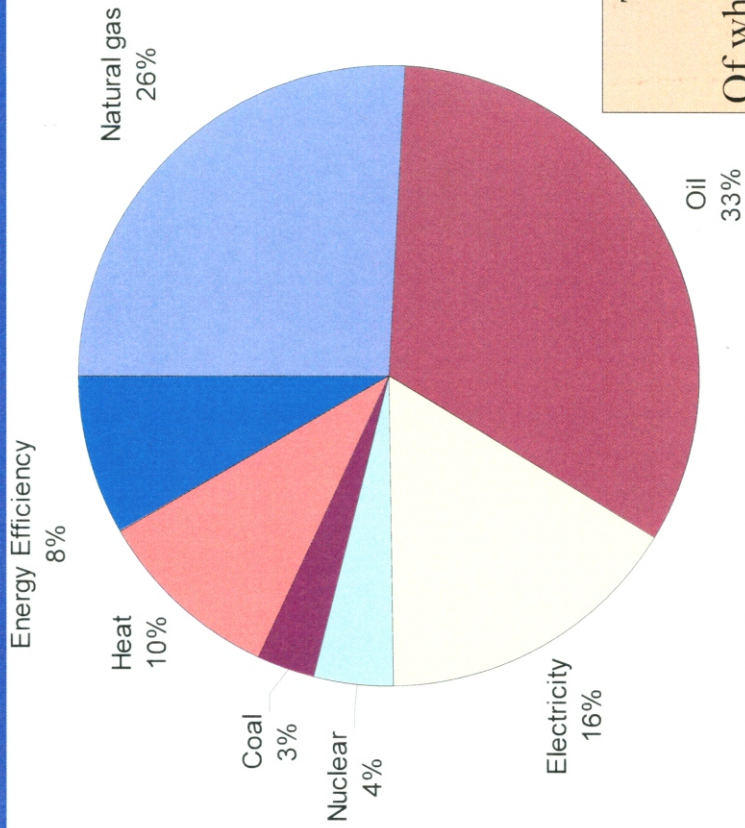
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Russia Energy Sector Investment requirements



Total requirements 2003-2020
\$ 735 thousand million
Of which at least 25 % foreign investment

Sources : Russian Federation : Russia's Energy strategy
until 2020 and European Commission.



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The Energy Dialogue

- ➔ Where : The EU-Russia Summit in Paris
- ➔ When : 30th October 2000
- ➔ Nomination of two sole interlocutors : Mr François Lamoureux, Director-General of the European Commission and Viktor Khristenko, Vice-Prime Minister of the Russian Federation
- ➔ Objectives
 - **progress in the definition of an EU-Russia energy partnership,**
 - **contribute to the security in energy supply as well as in energy demand,**
 - **cooperation on energy saving,**
 - **rationalisation of production and transport infrastructures and importance of electricity interconnections,**
 - **facilitate investments,**
 - **contribute to the relations between producer and consumer countries,**



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Energy Dialogue: **Some results (1)**

Integration of energy markets: Natural Gas

- Further integration to be based on agreed regulatory principles of internal markets as well as on long-term supply contracts.

Long-term natural gas supply contracts

- EU recognised their importance
 - crucial for the development of the EU gas market
 - provide a risk sharing arrangement between Russian producer(s) and EU buyers (Security of supply and security of demand)
 - enable important new production & infrastructure projects to be undertaken
 - contribute to EU security of energy supplies
- **BUT**: must respect EU competition law and the existence of the EU internal market !
 - ❖ free circulation of gas within the EU. Destination clauses are not allowed.





Energy Dialogue: Some results (2)

EU-Russia Energy Dialogue Technology Centre



Technology Centre

Технологический центр

The EU-Russia Energy Dialogue - Technology Centre is a project co-funded by the European Union and the Russian Federation which aims to enhance co-operation between the EU and Russia on new energy technologies and facilitate the attraction of investments for technology projects of common interest.

Last Update: 20/09/2005

Технологический Центр, созданный в рамках Энергетического Диалога Россия-ЕС, является проектом, финансируемым Европейским Союзом и Российской Федерацией, который направлен на развитие сотрудничества между Россией и ЕС в сфере новых энергетических технологий и привлечения инвестиций для финансирования технологических проектов, представляющих взаимный интерес.

Последнее обновление: 20/09/2005

<http://www.technologycentre.org/>



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Energy Dialogue: Some results (3)

Towards an institutionalised EU-Russia Energy Partnership

- **Four thematic groups uniting public administrations and businesses from the EU and Russia to develop concepts on**
 - investments
 - energy infrastructures
 - energy efficiency
 - trade flows

- **Reflect upon the establishment of an institutionalised relationship between EU and Russia in the field of energy**



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The EU-Russia Energy Dialogue

Thank you

For further information on the EU-Russia Energy Dialogue see
<http://europa.eu.int/comm/energy/russia/index.en.htm>

Additional information on the
EU-Russia Energy Dialogue Technology Centre is available at
<http://www.technologycentre.org>



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