



Improving European Gas Security

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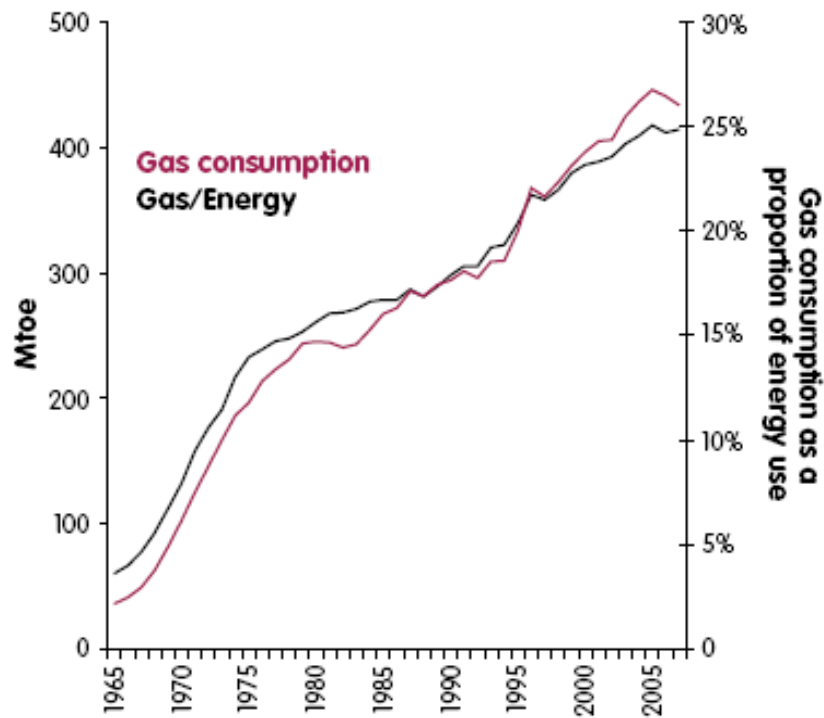
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Messages

- EU gas supply has been diversifying for decades – *and diversification is accelerating*
- Gas consumption is in the west, dependence on Russia is in the east
- We need a functioning, single European gas market that would spread diversity across Europe
- New member states must invest in gas security measures

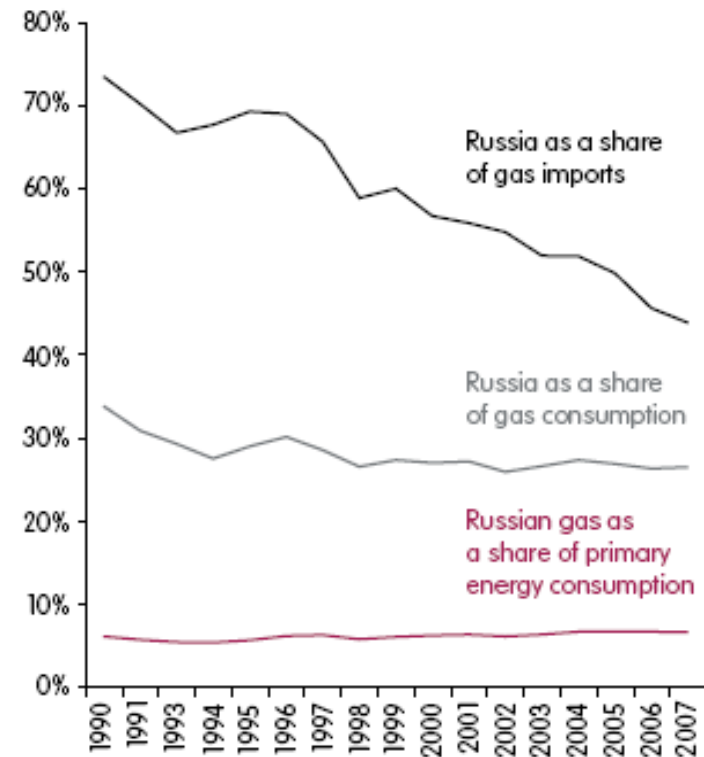
Europe's energy: Gas up, Russia down

Figure 1. EU27 gas consumption, 1965-2007



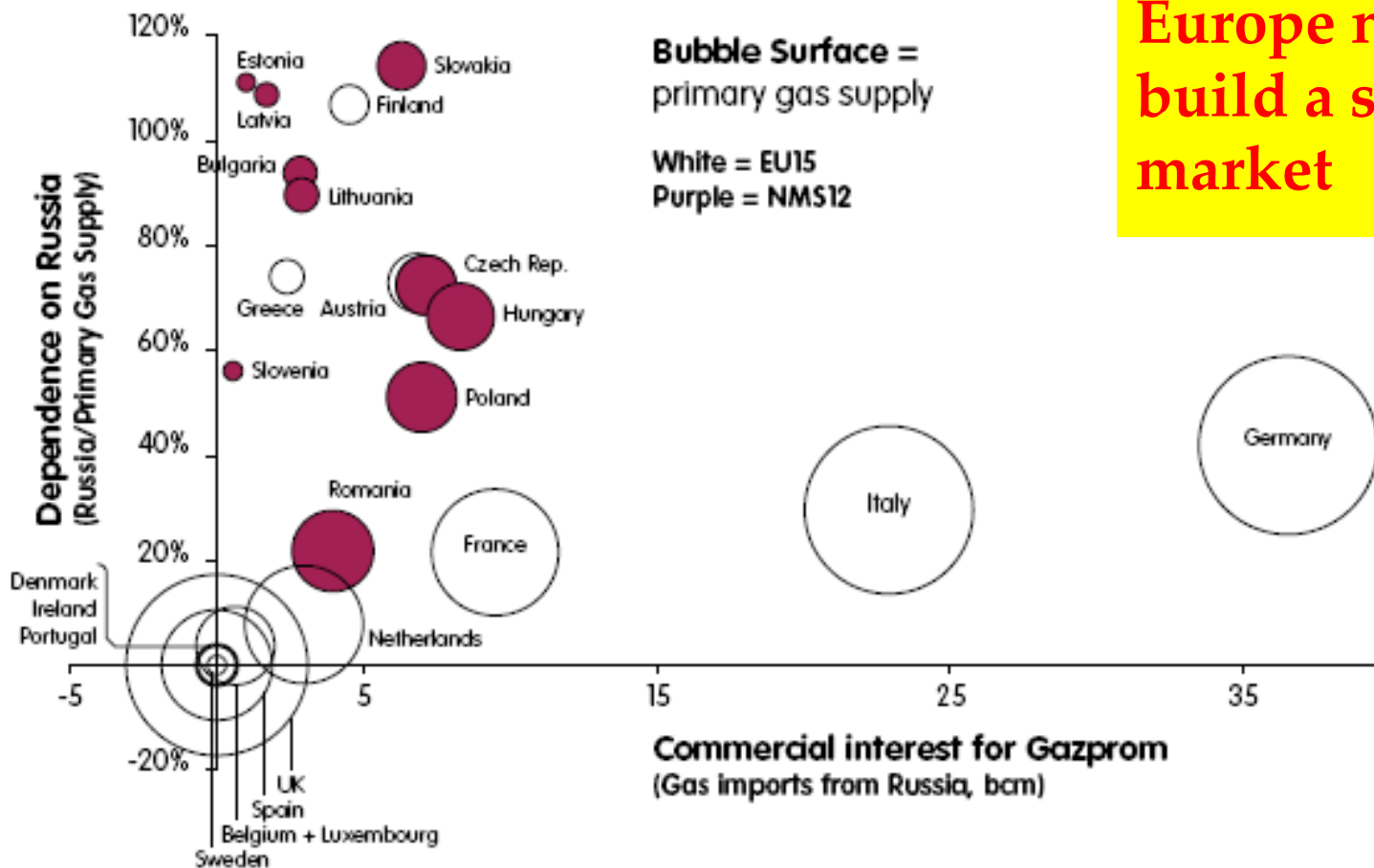
Source: BP Statistical Review of World Energy (from Cedigaz)

Figure 5. EU27 dependence on Russian gas, 1990-2006



Source: Eurostat; BP Statistical Review of World Energy

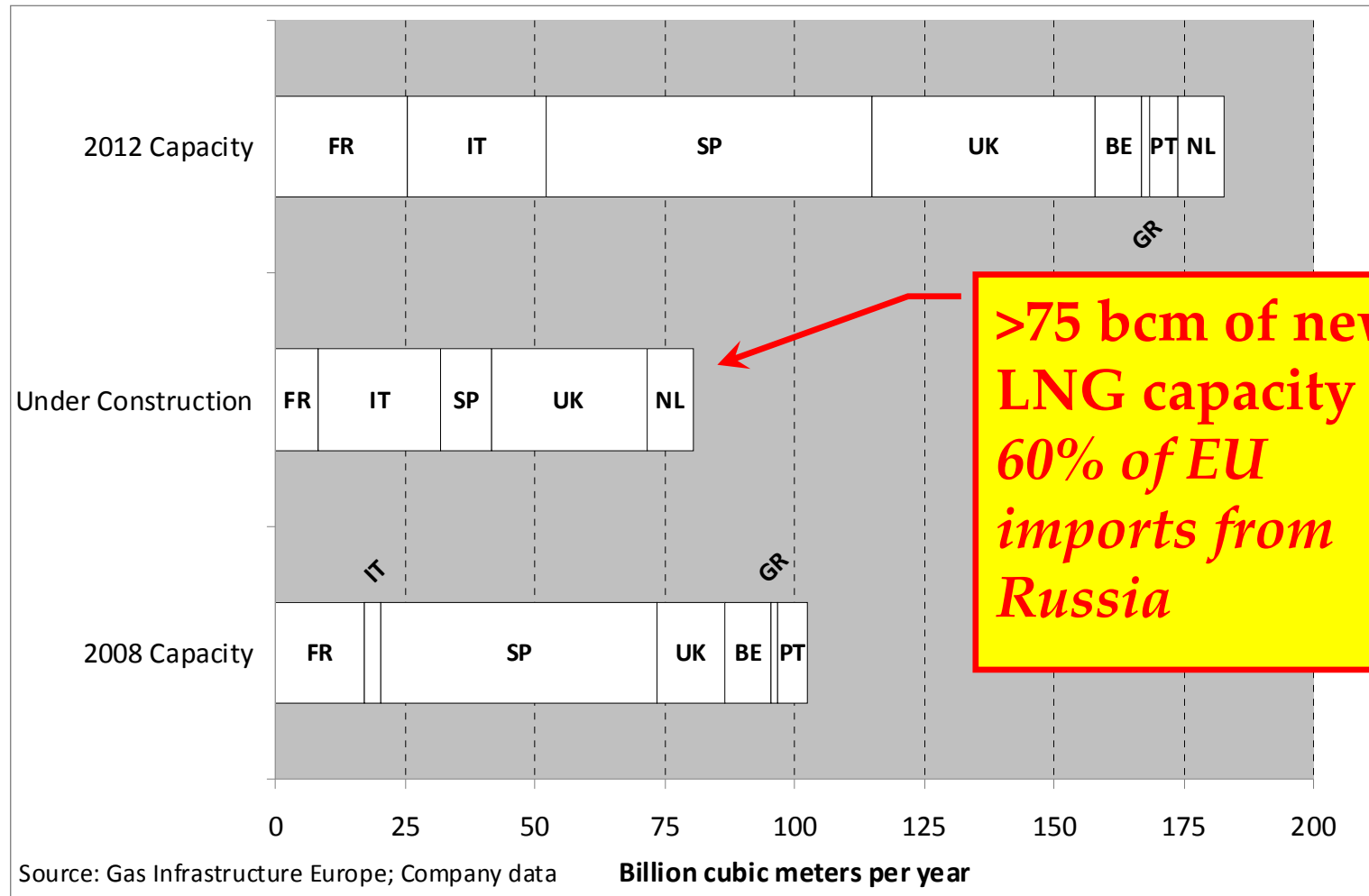
Consumption is in the west, dependence is in the east



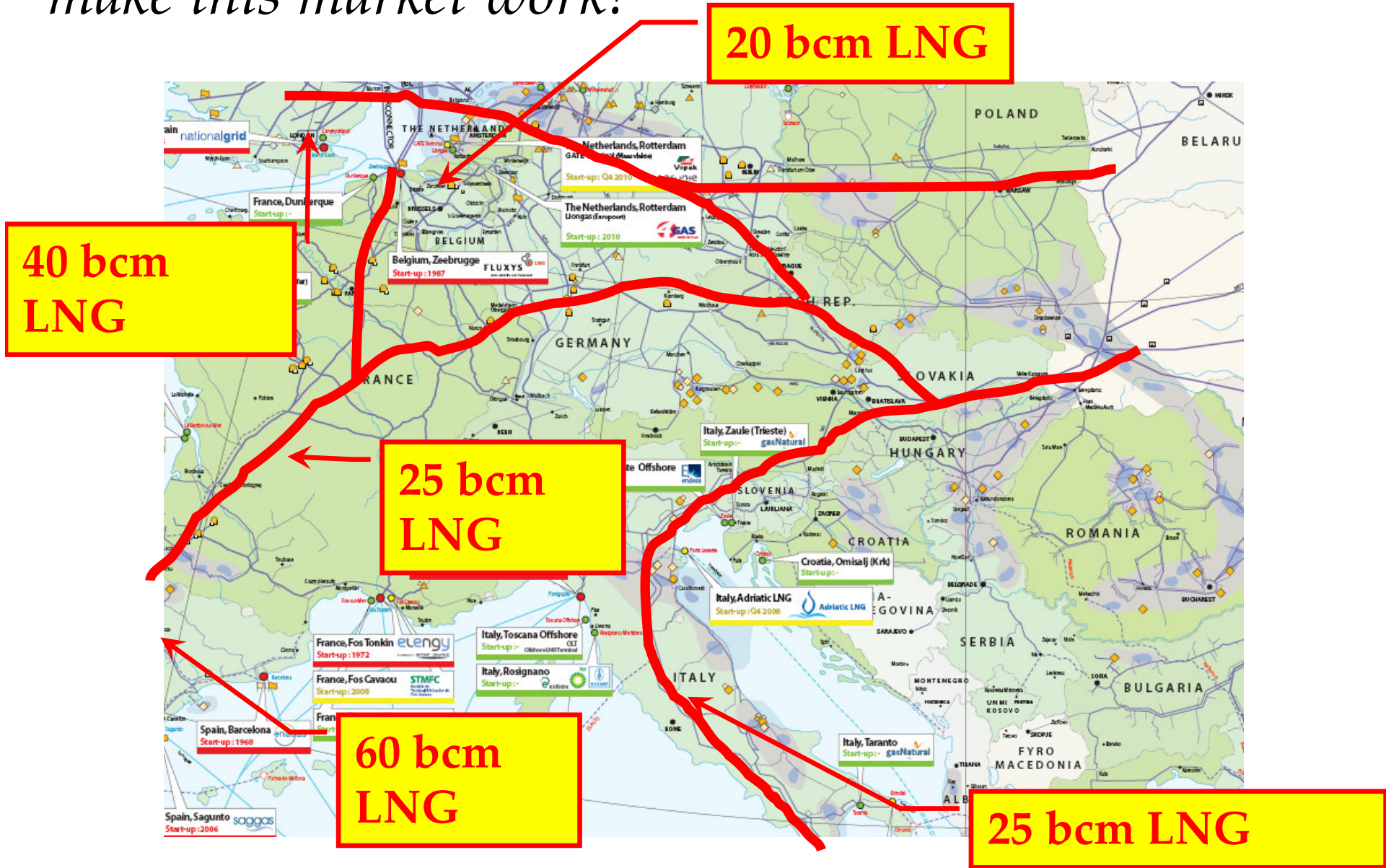
Europe needs to build a single gas market

Source: BP Statistical Review; Eurostat

Massive expansion of LNG capacity in the EU



Non-Russian gas could move eastward – *Let's make this market work!*



New member states must spend money at gas security

- Gas security is about meeting peak demand in normal and exceptional circumstances
 - Operating Balancing Arrangements
 - Interruptible consumption (dual-fuel capability)
 - Option supply contracts
 - Storage (size and deliverability rate)
- The EU should force NMS to invest in energy security
 - EU standard for the security of gas supply
 - The cost-effective way to meet a given standard is country-specific – *gas storage; back-up diesel; spare elec generation capacity...*