

**SOURCING ALTERNATIVE
GAS SUPPLIES
(Chairman's Opening Remarks
to Session 4)**

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ALTERNATIVE GAS SUPPLIES & ENERGY SECURITY

Alternative gas supplies:

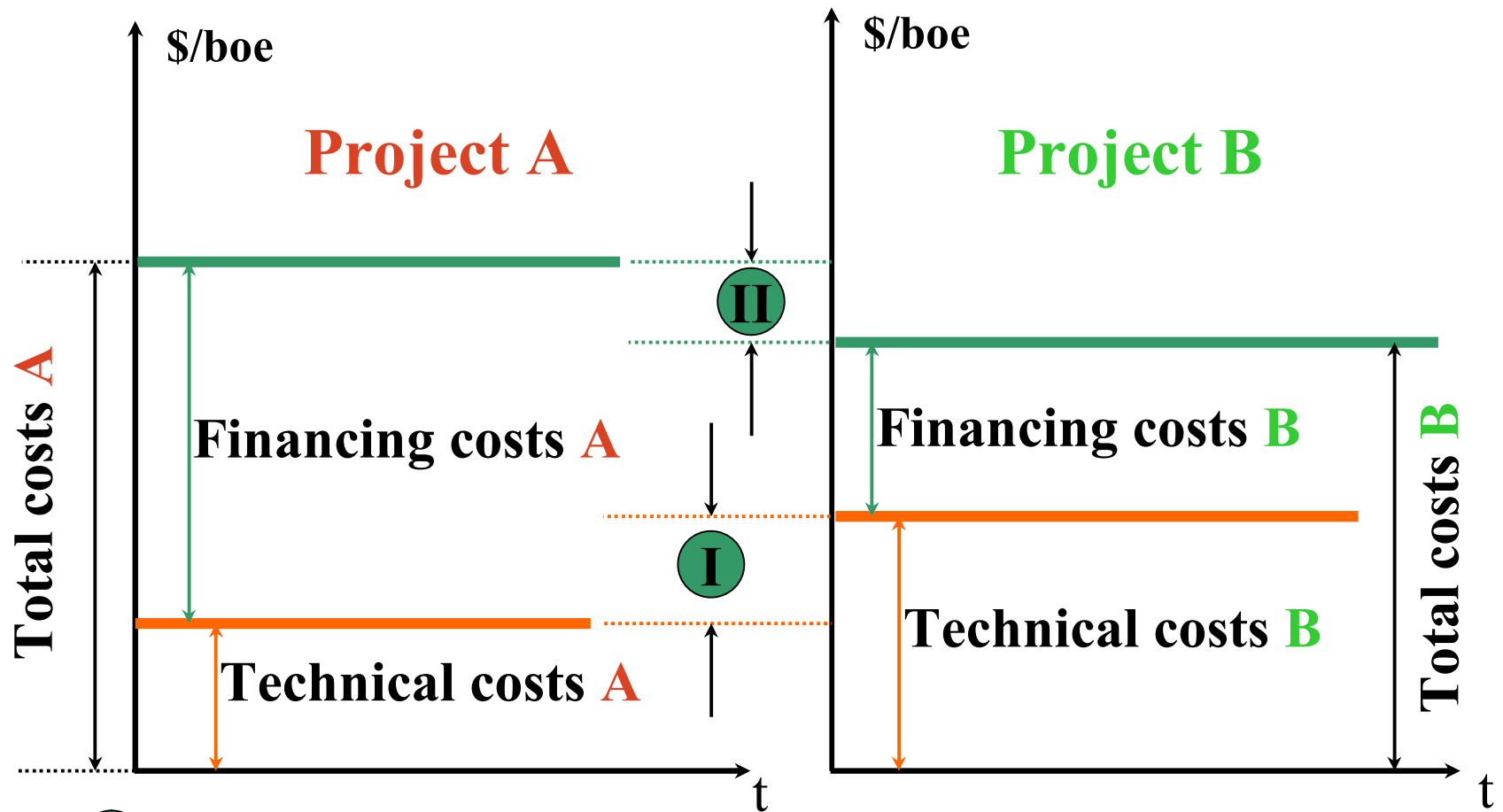
- **TO** => Multiple markets => security of demand => producer-driven
- **FROM** => Multiple suppliers (supplies) => security of supply => consumer-driven
- **THROUGH** => multiple routes => security of transit (infrastructure) => can be driven both by producer, consumer & (potential) transit-state interests
- Meaning of “energy security” differs for different actors within cross-border gas value chain as does motivation for alternative gas supplies => to find common approach/denominator

ALTERNATIVE GAS SUPPLIES: “DOES” & “DOES NOT”

“Alternative” gas supplies:

- does NOT necessarily mean to be aimed “AGAINST” someone (does NOT necessarily mean “to be (mostly/only) politically motivated”), *but* political concerns can increase the risks and costs (real &/or perceived) related to implementation of particular projects
- DOES mean that it need to be backed up by adequate resource base to provide:
 - *Finance*: Adequate supply flows to make project bankable,
 - *Economics*: Maximum resource rent utilization for producer within the competitive market,
 - *Law*: Mutually beneficial & predictable contractual relations & revenue-sharing between the parties involved

"NATURAL" VS. "FINAL" COMPETITIVE ADVANTAGES OF ENERGY PROJECTS



- I** "Natural advantage" of project A over project B ($A < B$)
- II** Final competitive *dis*advantage of project A over project B ($A > B$)