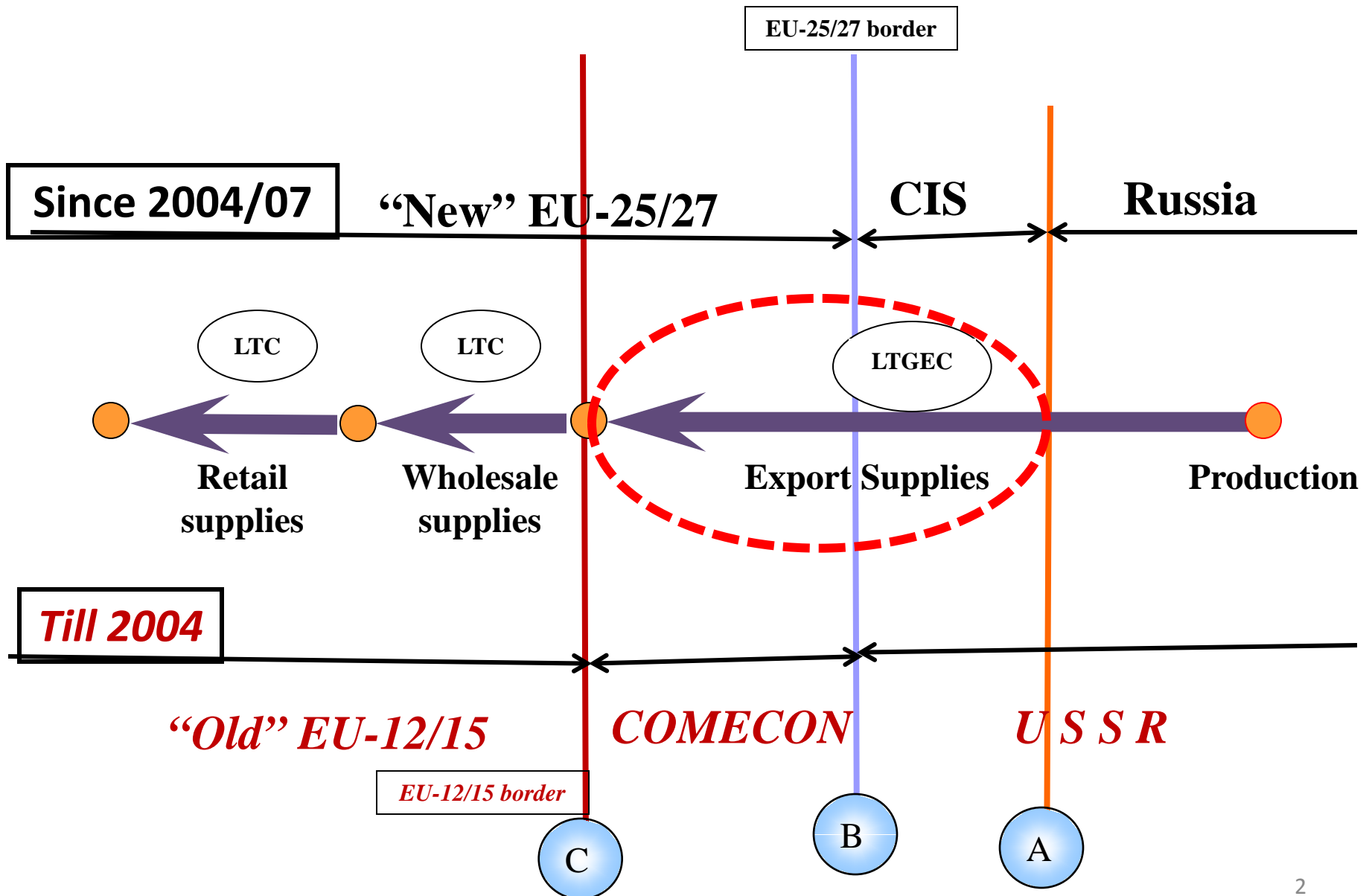


EU and Russia Energy Trade: Impact of WTO, Transit and Integrated Economic Areas (introductory remarks of the session's chair)

A.Konoplyanik

First Groningen Moscow Conference on EU-Russian Energy Law
“Legal Aspects of Guaranteeing EU-Russian Security of Energy
Demand and Supply”, Groningen, The Netherland, 30-31 May
2013

Russia-EU cross-border gas supply chain



RUSSIAN GAS EXPORT TO EUROPE: ON-BORDER SALES AND TRANSIT SEGMENTS

Soviet/Russian LTGEC to EU:

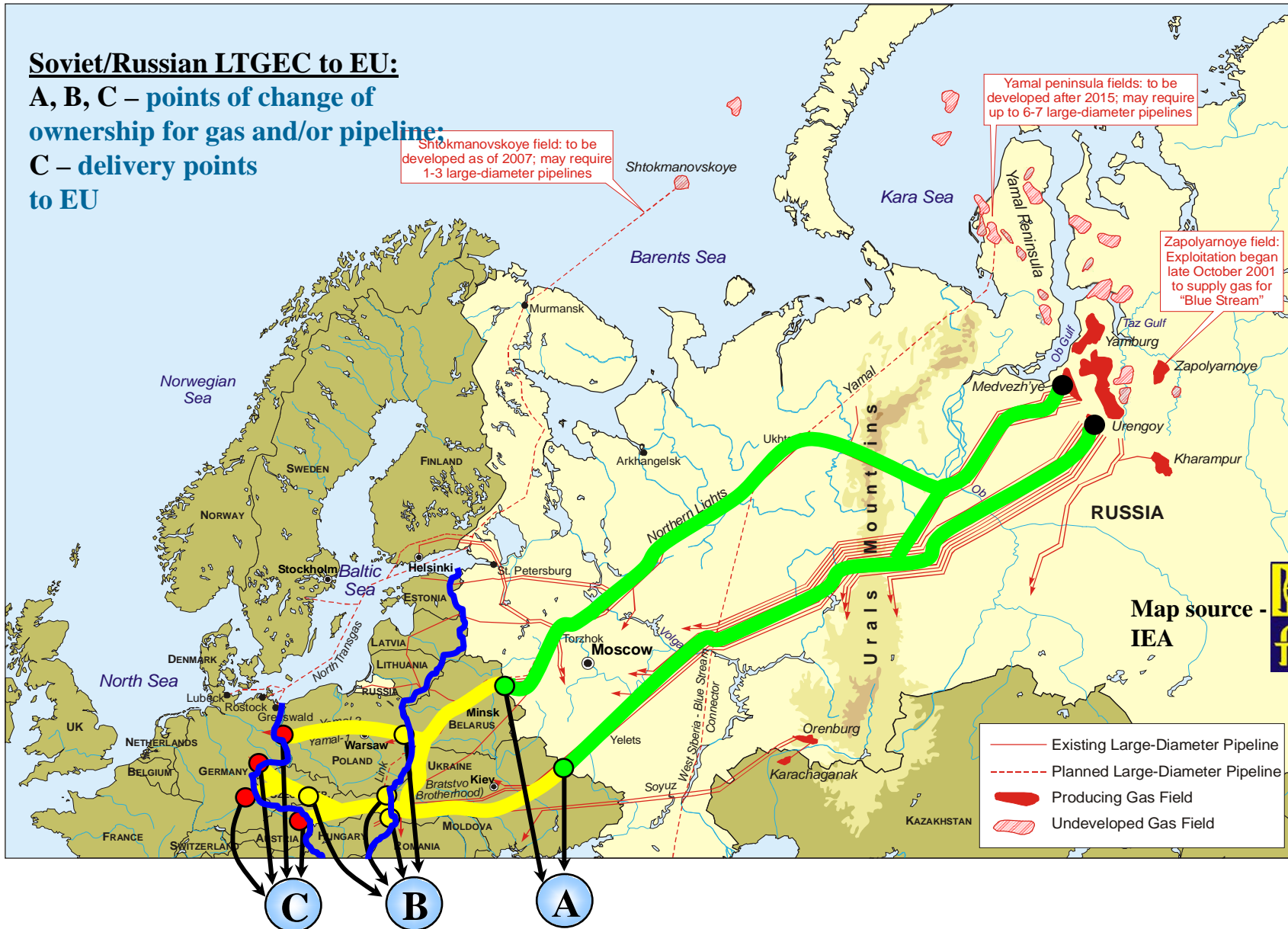
A, B, C – points of change of ownership for gas and/or pipeline;

C – delivery points to EU

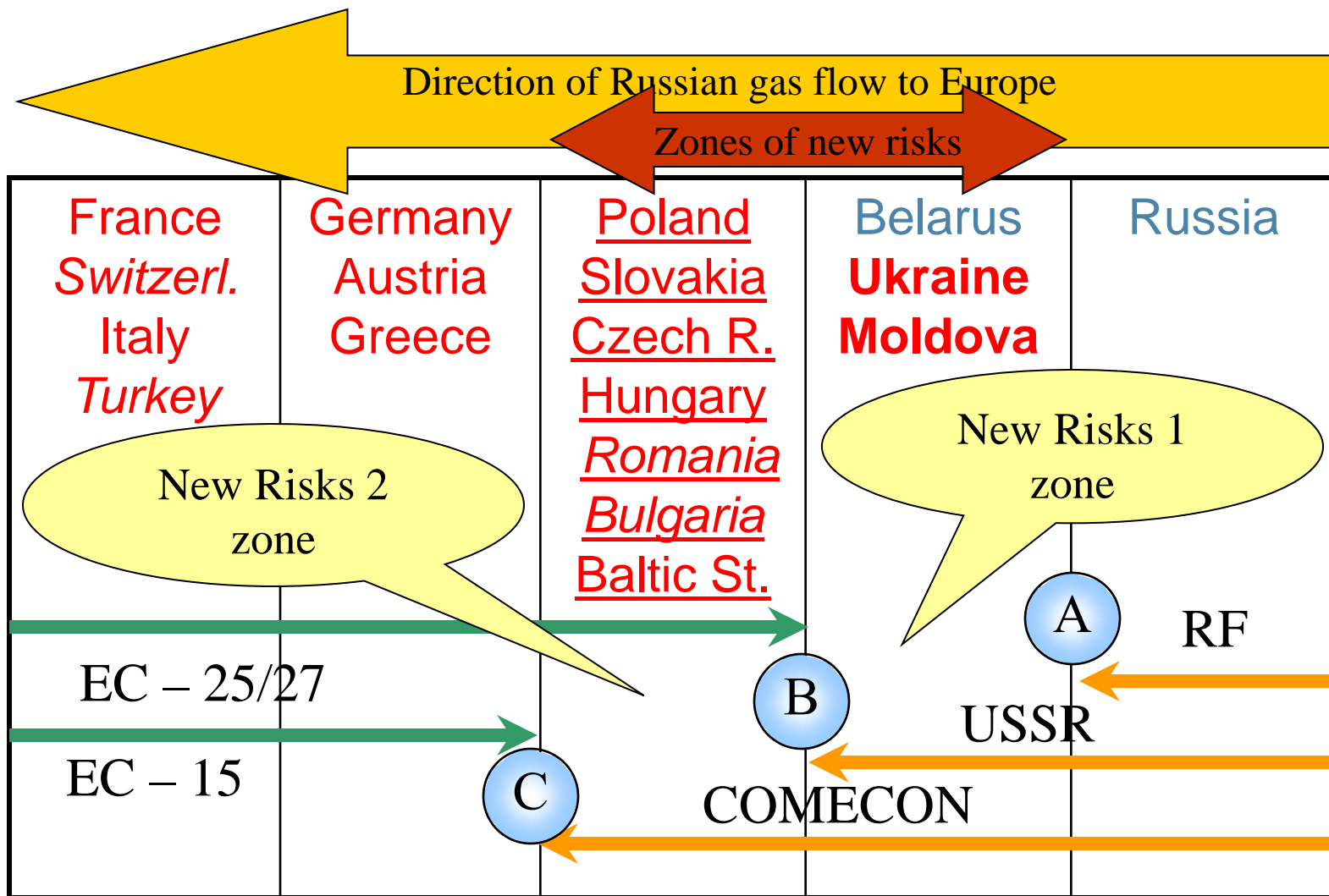
Shtokmanovskoye field: to be developed as of 2007; may require 1-3 large-diameter pipelines

Yamal peninsula fields: to be developed after 2015; may require up to 6-7 large-diameter pipelines

Zapolyarnoye field: Exploitation began late October 2001 to supply gas for "Blue Stream"

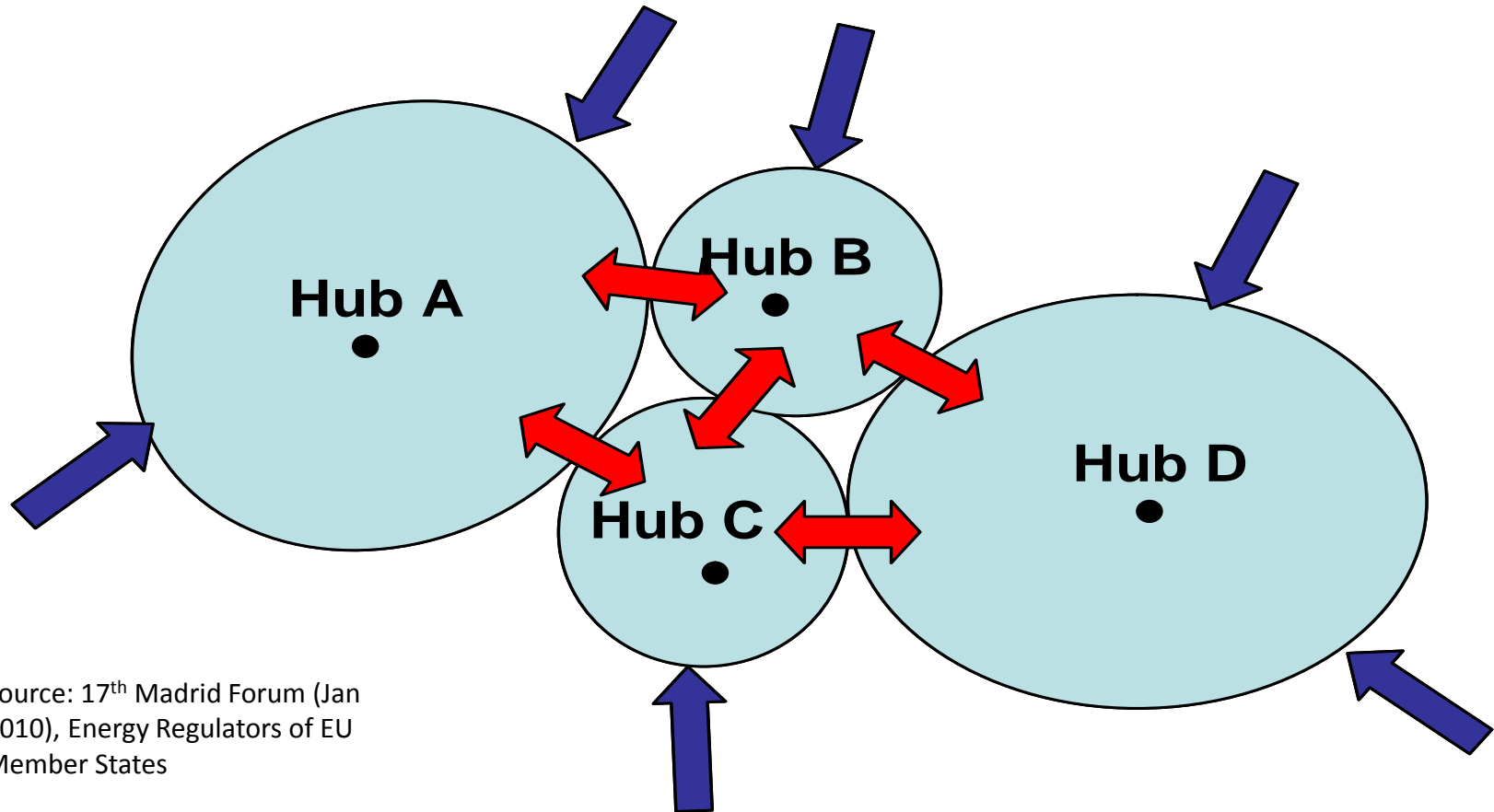


Russian Gas Supplies to Europe: Zones of New Risks for Existing Transit Supplies Within Russia/Gazprom Area of Responsibility



Italic – non-EU countries; New EU accession states: underlined – since 01.05.2004, underlined + italic – since 1.01.2007; **bold** – non-EU members of Energy Community Treaty ; A, B, C – points of change of ownership for Russian gas and/or pipeline on its way to Europe

EU internal gas market architecture according to Third EU Energy Package (entry-exit zones with virtual trading points/hubs)



Source: 17th Madrid Forum (Jan 2010), Energy Regulators of EU Member States



Pipelines-interconnectors
between EU zones

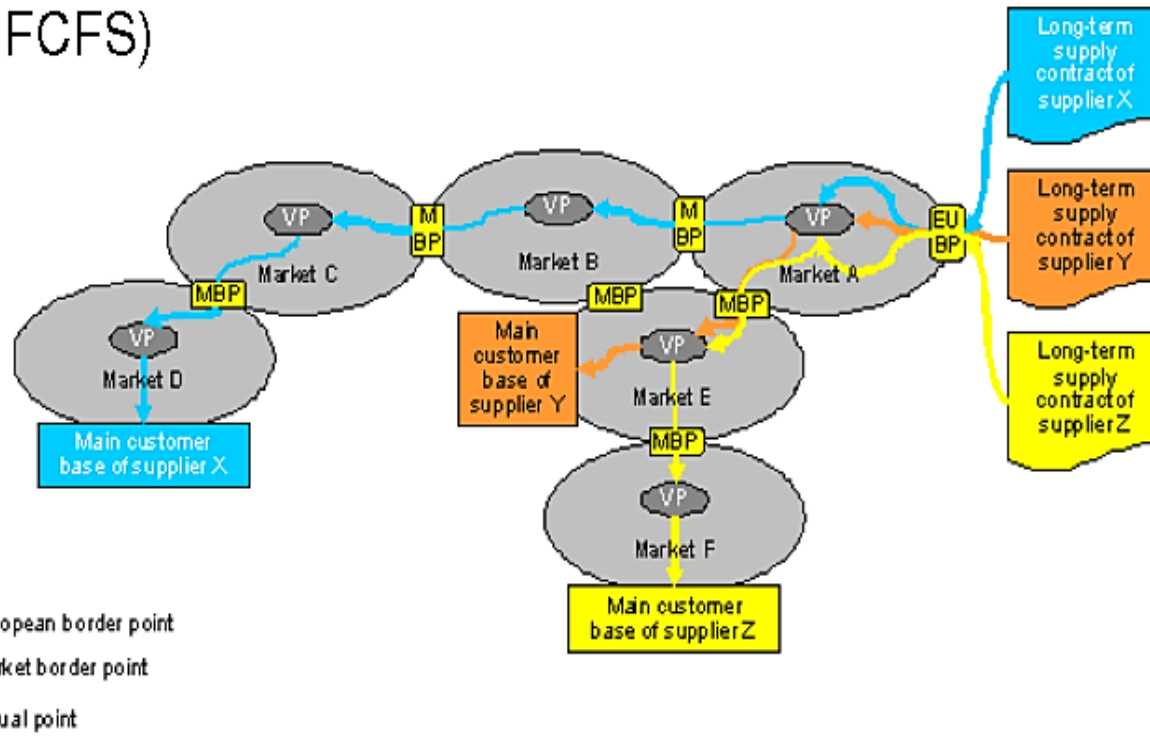


Supplies to the EU from non-EU

Long Distance Capacity bookings in the EU Regulatory Framework (appeared in GTM in result of Consultations)

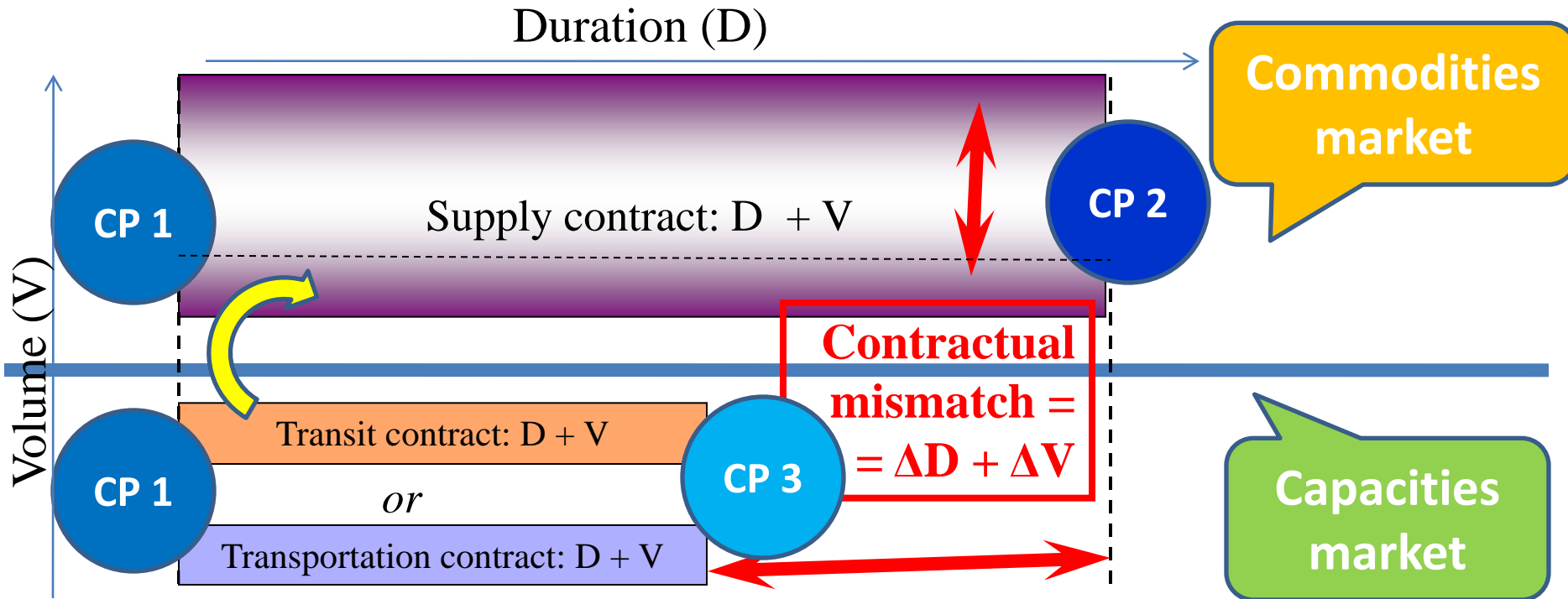
- Introduction of Entry-Exit System in all countries
- Auctions as standard allocation (instead of, e.g. FCFS)

Whether Auctions are the best effective systemic solution?



Yes, this is a given legal reality to be dealt with by any actor at the EU market, but ...

Contractual Mismatch Problem: major risk for contract parties in unbundled gas market



Contractual mismatch: between duration/volumes (D/V) of long term supply/delivery contract (LTGEC; CP1-CP2) and transit/ transportation contract (CP1-CP3); the latter is integral part to fulfill the delivery contract => risk non-renewal transit/ transportation contract => risk non-fulfillment supply/delivery contract.

Core issue: guarantee of access to/creation of adequate transportation capacity for volume/duration of long term contracts

Thank you for your attention

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