GAC WS2 - reflection on GAC WS2 evolution to its 30th meeting

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The 30-th meeting of WS2 GAC, online 13.07.2020
WORKSHOP – INFORMAL CONSULTATIONS

New Legislative Framework in the EU Gas Sector
(3rd EU Gas Directive and its influence on non-EU companies within the EU market)

Exchange of views on regulatory issues between
Russian and EU Gas Regulation Experts
(with guidelines from officials of both sides)

Workshop – informal consultations,
1st round, E-Control,
Vienna, 19.10.2010
29th meeting of Work Stream 2 "Internal Markets", Russia-EU Gas Advisory Council, 21 October 2019, Russian Embassy, Berlin
Historical evolution of WS2 GAC process

TEP EU consequences on LTC-based gas cross-border trade, incl. GTM, etc. (2010-13)

TEP EU consequences on cross-border trade & investment in new & incremental gas infrastructure (NCs: CAM NC INC, TAR NC), etc. (2013-16)

TEP EU overall regulatory efficiency (EC Quo Vadis consequences), etc. (2016-18)

EU Decarbonisation vision, incl. of gas value chain, & RF export-oriented gas decarbonisation: what are win-win opportunities, incl. in H2, etc. (1Q2018+)

Informal Consultations (2011-2017 on joint basis with WS2 GAC)

02.09.2009: Boltz-Konoplyanik first conversation in Alpbach on informal exchange of views

19.01.2010: 1st Informal Consultations meeting, W.Boltz-A.Medvedev

17.10.2011: 1st GAC meeting, P.Lowe-A.Yanovsky; 3 WSs established; Informal Consultations & WS2 meetings combined since Spring 2014: EU suspended GAC activities at political level; WSs activities continues on technical level

23.01.2012: Kick-off WS2 meeting/8th IC

March 2013: “Roadmap of RF-EU cooperation in energy to 2050” (Novak-Oettinger signed)

2013: Blueprint case study (CAM NC)

2014: EU consequences on LTC-based gas cross-border trade, incl. GTM, etc. (2010-13)

Spring 2014: EU consequences on cross-border trade & investment in new & incremental gas infrastructure (NCs: CAM NC INC, TAR NC), etc. (2013-16)

19.04.2017: TEP NCs adopted, process of Informal Consultations ended, WS2 meetings went alone since then

27.01.2015: last WS1 meeting, yet...

28.06.2016: last WS meeting, yet...

19.01.2018: EC (K.D.Borchardt) announced shift from “100% RES electricity” to “RES electricity plus decarbonised gases” => new agenda for WS2 GAC

10.07.2018: “Three steps Aksyutin’s path” (26th WS2 meeting)

03.04.2020: 30th WS2 meeting OFFLINE postponed, BUT 13.07.2020: 30th WS2 meeting ONLINE restarted

A.Konoplyanik, 30th WS2 GAC meeting, online, 13.07.2020

Postponed offline (COVID-19) But: New online WS2 framework

GPE / NERs, TSOs + EC rep. => to broaden participation?
WS2: evolution of the agenda/actors, “matryoshka” style (1)

• Early/Past stages (2010+):
  • Traditional gas agenda:
    • Contractual, pricing & related regulatory issues of Russian pipeline gas in the EU within new architecture of EU gas market post-Third EU Energy Package (2010-2017: TEP + NCs) =>
    • evolving rules for single product (CH4) = commoditization + financialisation of gas market with single product
  • Actors:
    • EU side: new regulatory rule creators & those who implement these rules (EC, NERs, TSOs)
    • Russian side: suppliers, shippers of pipe gas who are to follow these rules = GP => GPE = Russian state export monopoly (by law) of pipeline gas, i.e. state agent of the sovereign state
  • Key issue for RF-EU debate:
    • Natural resource rent cross-border allocation
  • BUT: objective trend: diversification/expansion of topics => actors
• **Current stages (2018+):**
  - **Traditional gas plus new (decarbonized) gas agenda & related issues:**
    - *Multiple* products: natural gas (CH4) plus decarbonized & related gases (MHM, H2, CO2, bio-methane, syngas, renewable gases, etc.) =>
    - Integration of gas & electricity markets => some reverse trends to 1\textsuperscript{st}, 2\textsuperscript{nd}, 3\textsuperscript{rd} Packages (from unbundling to re-bundling, etc.)?
  - **Actors:**
    - **EU side:** same plus participants of decarbonized gas value chain, incl. technology producers
      - *preference:* clean (CO2 neutral) H2 as renewable H2 (from RES electricity)
    - **Russian side:** gas producers/suppliers (pipe gas + LNG) plus participants of decarbonized gas value chain, incl. technology producers
      - *preference:* clean (CO2 neutral) H2 from natural gas
  - **Key issue for RF-EU debate:**
    - Resource rent cross-border allocation *plus* technological rent creation and allocation in economically cost-effective & ecologically-neutral way
Thank you for your attention!

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