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

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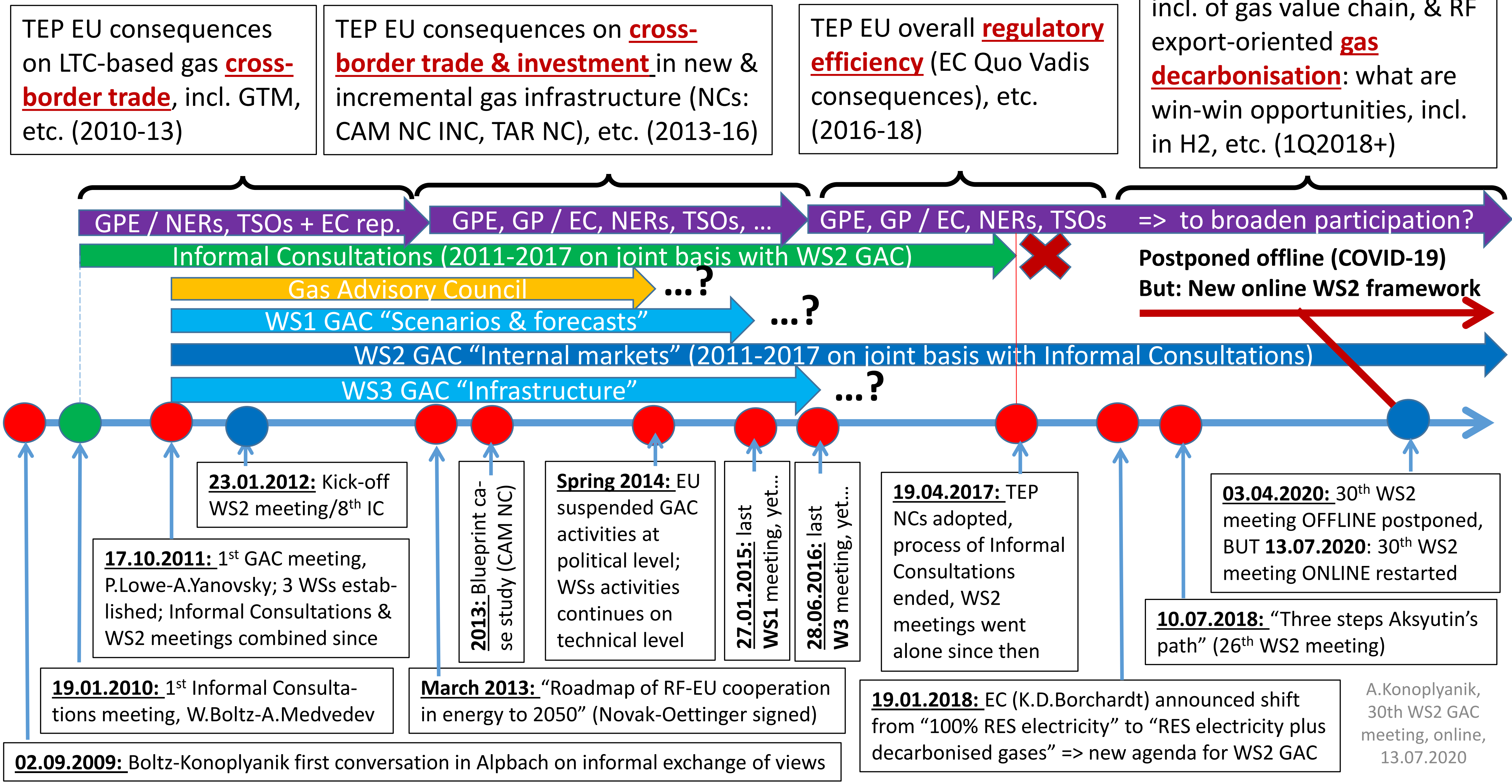
Workshop – informal consultations, 1st round, E-Control, Vienna, 19.10.2010

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



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

WS2: evolution of the agenda/actors, "matryoshka" style (2)

- **<u>Current stages (2018+):</u>**
  - **Traditional gas plus new (decarbonized) gas agenda & related issues:**
    - *Multiple* products: natural gas (CH_4) plus decarbonized & related gases (MHM, H_2, CO_2, bio-methane, syngas, renewable gases, etc.) =>
    - Integration of gas & electricity markets => some reverse trends to 1st, 2nd, 3rd Packages (from unbundling to re-bundling, etc.)?
  - **Actors:**
    - <u>EU side:</u> same plus participants of decarbonized gas value chain, incl. technology producers
      - *preference:* clean (CO_2 neutral) H_2 as renewable H_2 (from RES electricity)
    - <u>Russian side:</u> gas producers/suppliers (pipe gas + LNG) plus participants of decarbonized gas value chain, incl. technology producers
      - *preference:* clean (CO_2 neutral) H_2 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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