



- The gas crisis and South-East Europe

10 March 2009 - IFRI

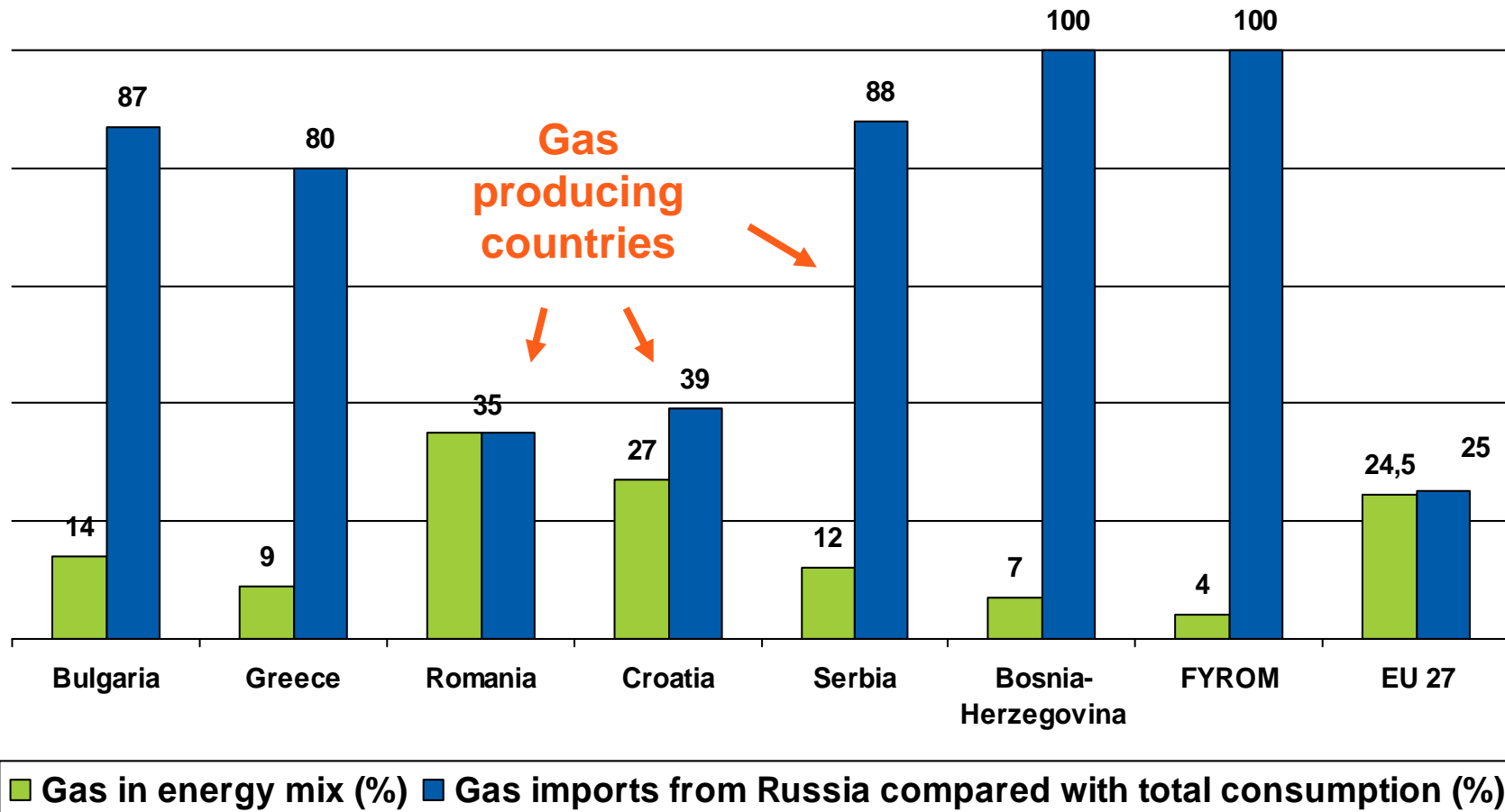
Olivier Silla



● The gas crisis and South-East Europe

- Gas in South-East-Europe: low utilisation, high dependency – separated import routes
- The Energy Community: one single legal framework in South-East Europe
- Impact of the January 2009 crisis
- Short term measures to improve security of supply
- Long term supply projects

Gas in South-East-Europe: low utilisation, high dependency



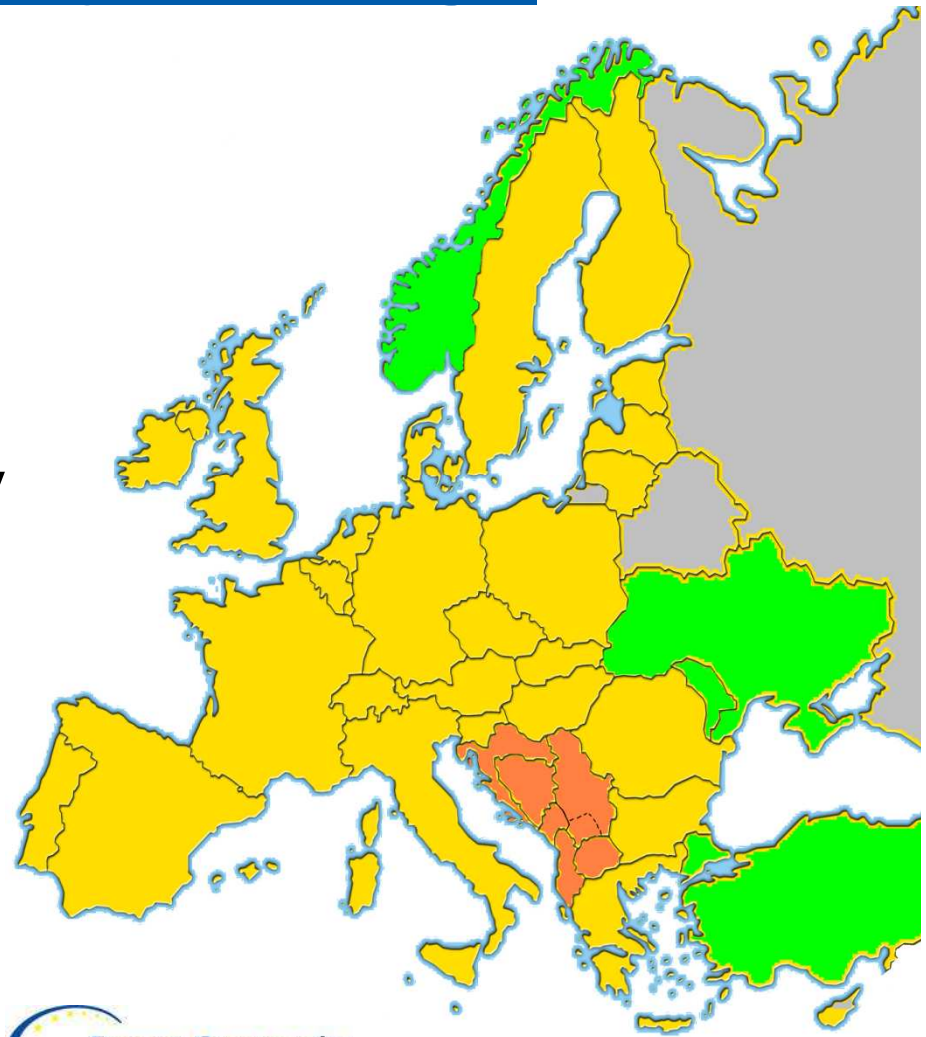
● Main gas infrastructures



Source: Gas Infrastructure Europe
www.gie.eu.com

The Energy Community: one single legal framework in South-East Europe

- Energy Community Treaty entered into force in July 2006
- Links the European Community with Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo under UNSCR 1244
- **EU legislation on gas is mandatory**



● Impact of the January 2009 crisis

- Impact per country – serious impact only in Bulgaria – economic impact difficult to assess
- Efficient industry response – short term purchase of gas from Germany, Hungary, France possible
- But weaknesses confirmed: missing links, insufficient storage capacities, hike in electricity consumption
- Western Balkan countries involved in EU coordination mechanisms

● Short term measures to improve security of supply

- Missing links and reverse flow possibilities: limited investments – high security of supply benefits
- Capacity enhancement of existing storage capacities
- Connection to alternative supply routes
- Crisis has accelerated several projects - Support in the EU Recovery plan

Short term measures

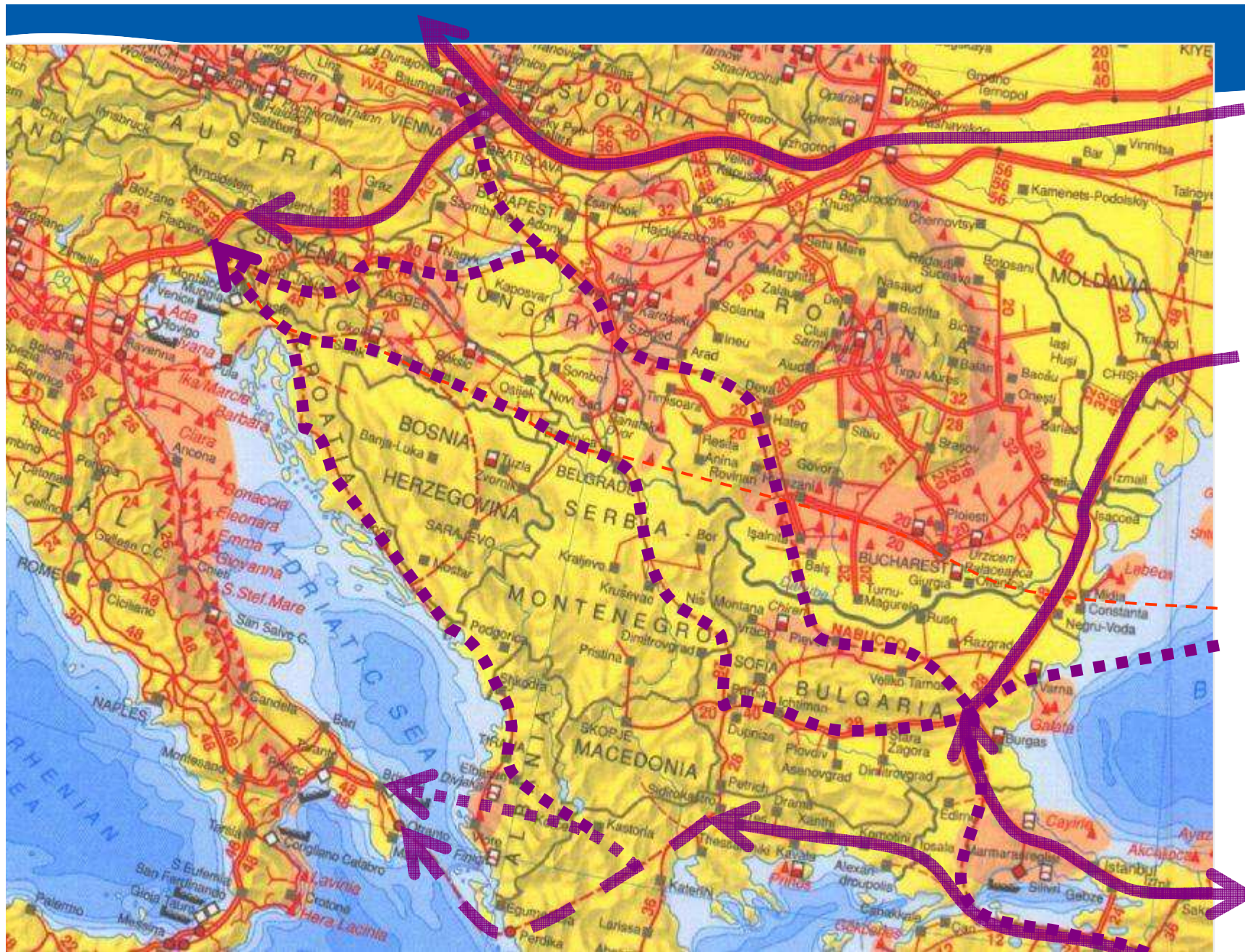


Source: Gas Infrastructure Europe
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● Long term – new supply routes ?

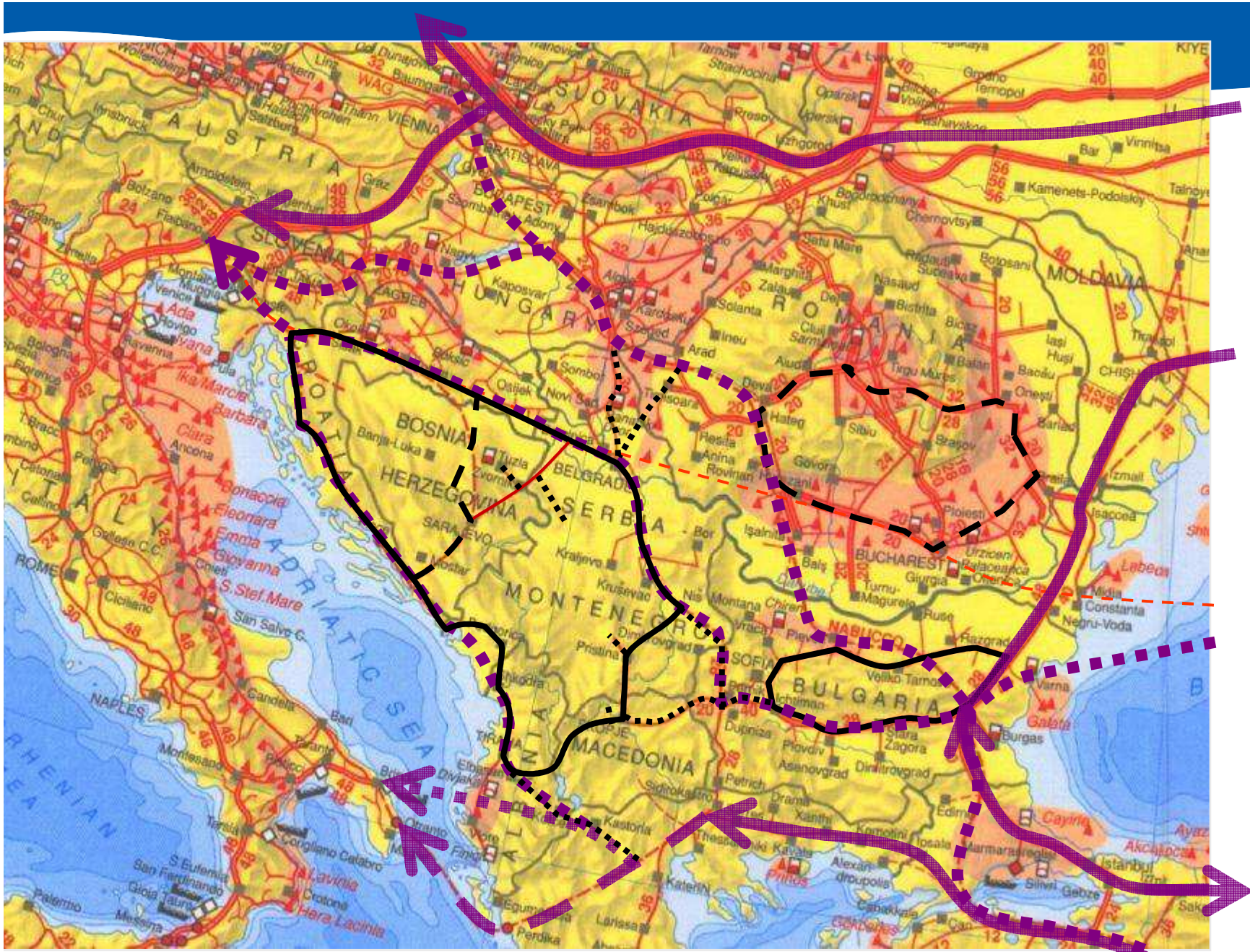
- SEE Regional Gasification Study (World Bank – KfW) – important potential for gas development anchored on electricity generation investments
- Planned supply routes to the EU through SEE
 - » **ITGI** – Interconnector Turkey-Greece-Italy
 - » **TAP** – Trans-Adriatic Pipeline (Greece-Albania-Italy)
 - » **Nabucco**
(Turkey-Bulgaria-Romania-Hungary-Austria)
 - » **Southstream**
(Russia-Bulgaria + two branches)

● Long term supply projects



From SEE Regional Gasification Study
World Bank and KfW

● The Energy Community Ring



From SEE Regional Gasification Study
World Bank and KfW

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● What perspectives ?

- **Increased use of gas in SEE** (electricity generation, household consumption, heating) very positive for the environment – in particular CO2 emissions – if accompanied by import efforts in energy efficiency
- But vulnerability to supply disruption has to be addressed by a **much greater regional integration**, both in term of infrastructures and in term of market
- Short term – **limited key investments** in interconnections and storage upgrade – response capacity is improving
- Long term – What « **big projects** » will see the light ?