
Questions on Access to Russian Pipeline Network

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Work Stream 2

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Outline

Introduction

Subject Areas to be Covered /Next Steps

List of Questions



Introduction



Background and Goal

- The WS2 work program 2013 foresees i.a. the discussion of Russian gas market issues
- Particularly: Details on the current status and developments around pipeline access in Russia
- Goal: identification of existing barriers for EU (and international) companies to Russia's gas transportation system



What happened so far

- GAC Meeting January 2013:
 - Members endorse in-depth discussion on Russian pipeline access (see Conclusions para 5)
- WS2 meeting January 2013:
 - Topic was briefly introduced through presentation on the main characteristics of the Gazprom-owned Unified Gas Supply System (UGSS)



What needs to be done

- Work should now continue with more detailed discussions focused on:
 - analysis of the regulatory framework in relation to pipeline access
 - Situation analysis and identification of existing barriers for international companies to access Russian customers and directly export gas from production in Russia



Subject Areas to be Covered / Next Steps



Subject Areas of Interest

- The following specific subject areas should be discussed
 - Overall context / basic market characteristics
 - Criteria for network access
 - Tariffs
 - Capacity allocation
 - Access to end-consumers
 - Gas exports



Approach

- A detailed list of questions was developed to cover the subject areas mentioned
- The European side invites the Russian side to provide substantial answers to these questions
- An in-depth discussion should follow
- A document identifying access barriers and clarifying the current situation should be produced by end of the year



Kick-Off Strategy

- The EU side proposes to start the discussion with a number of selected questions
- If needed, individual subject areas can be followed up with further questions in future meetings



List of Selected Questions



Overall Context/Basics

- How much volume in the system comes from independent producers compared to overall production and how much capacity is required for the transport of these volumes?



Criteria for network access

- Does Gazprom have a priority access to the network? If so, under which criteria?
- Are any pipelines reserved for the exclusive use of Gazprom?
- Is there a distinction made between independent companies which are wholly Russian and independent companies that include foreign investors? If yes, what are the differences in terms of restrictions and rules?



Tariffs

- Is there open access to information on tariffs and the methodology? Where can this information be accessed? (Is it available in English?)



Capacity allocation

- How is capacity allocated to independent producers/shippers? Who gets priority on which basis? How much is reserved for open access?
- Can independents reserve capacity in the system in advance for a specific period of time, how is this organized/what are the steps to be taken? For how long? Also for transit purposes?
- Is the principle of "use it or lose it" applied also to Gazprom?
- Is there any independent oversight to ensure that Gazprom makes available any spare capacity?
- Does Gazprom consider building additional capacity in case shippers ask for it and are willing to pay? If yes: how will costs be allocated?
- Do incumbents of neighboring countries (e.g. Kazakhstan and others) have access to the Russian transmission system? What are the arrangements with neighboring countries in this regard/members of the Eurasian Customs Union?



Access to end-consumers

- How do independent producers market their gas in Russia? Do they have direct access to the end-consumer? Any regional differences?
- If there is no direct access to end-consumers, what are the arrangements in place? Does Gazprom buy the gas from independent producers i.e. at the production site and takes over from there? If yes, at which price?
- When will Russian internal prices reach price parity with gas supplies to Europe (including netback)?



QUESTIONS FOR AFTERNOON SESSION ON EXPORT REGULATIONS IN RUSSIA



Gas Exports (1)

- Are there any plans to grant independent producers/(international) traders the right to export via pipelines? Is there a discussion on this issue?
- What are the arrangements if imported gas (i.e. from neighboring countries) is used for export? Do the upstream countries receive a share of the export prices or are the prices negotiated with the upstream countries completely independently of the onward selling price?



Gas Exports (2)

- What about export of LNG?
 - Is export of LNG by (international) traders already allowed/when will it be allowed?
 - Who issues permits to build an LNG plant?
 - Any restrictions on who can own or operate an LNG plant?
 - Who approves a request for LNG export?
 - Do any restrictions apply to non-Gazprom producers with respect to export of LNG (allowed volumes, target market, etc.)?
 - Are requests for LNG export approved on a case by case basis or are there general rules in place that, if fulfilled, allow LNG export?

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