Third EU energy package: bone of contention in EU – Russian relations. Is it possible to find Ariadne’s thread?

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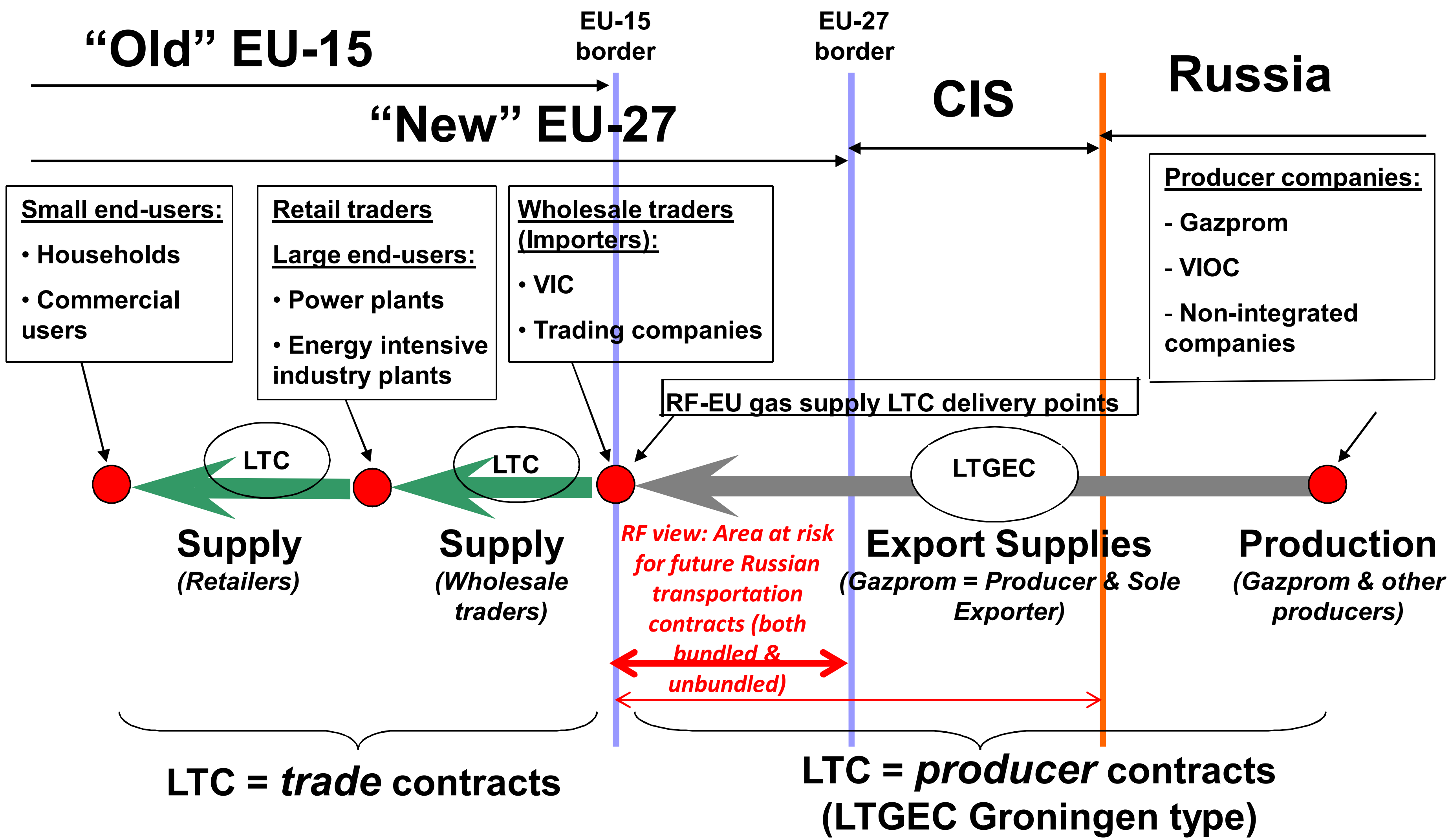
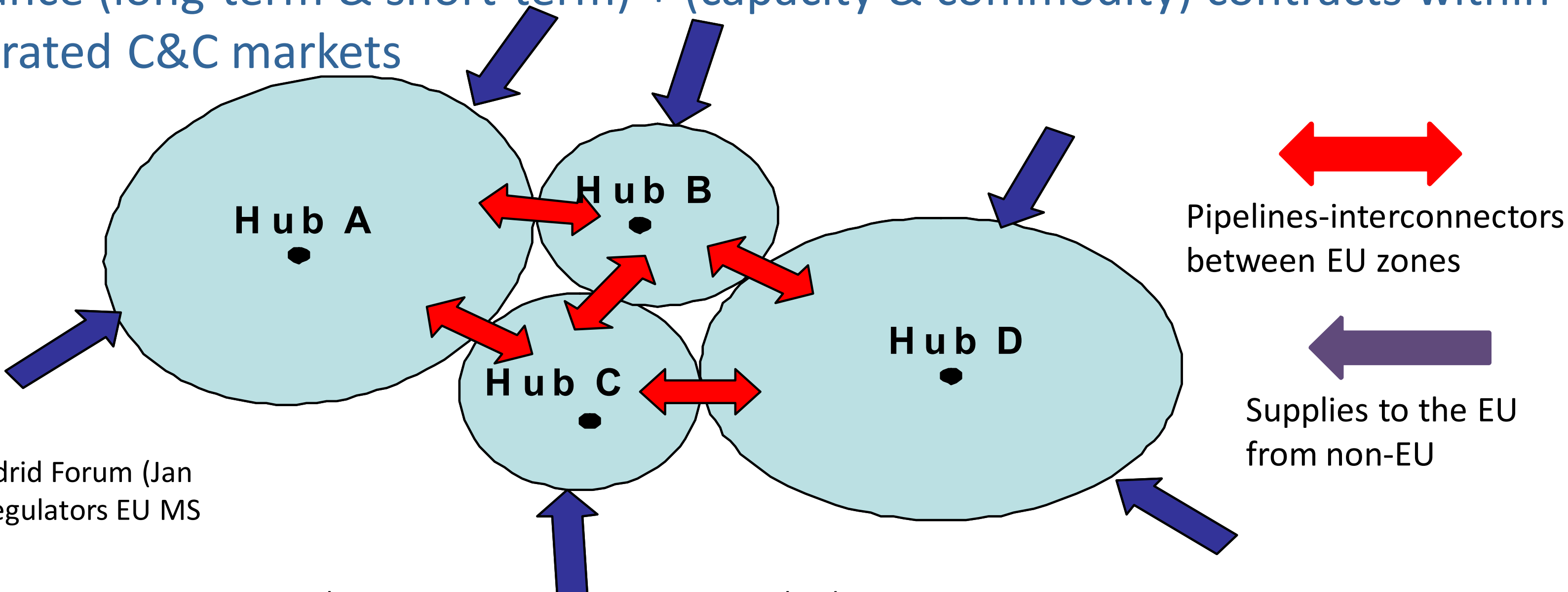
Moderator’s introductory remarks to the panel debate at the VI Europe - Russia Forum, Sejm of Republic of Poland, Warsaw, Poland, 31 May - 1 June 2011

RUSSIA-EU GAS VALUE CHAIN (since 1968 till nowadays)



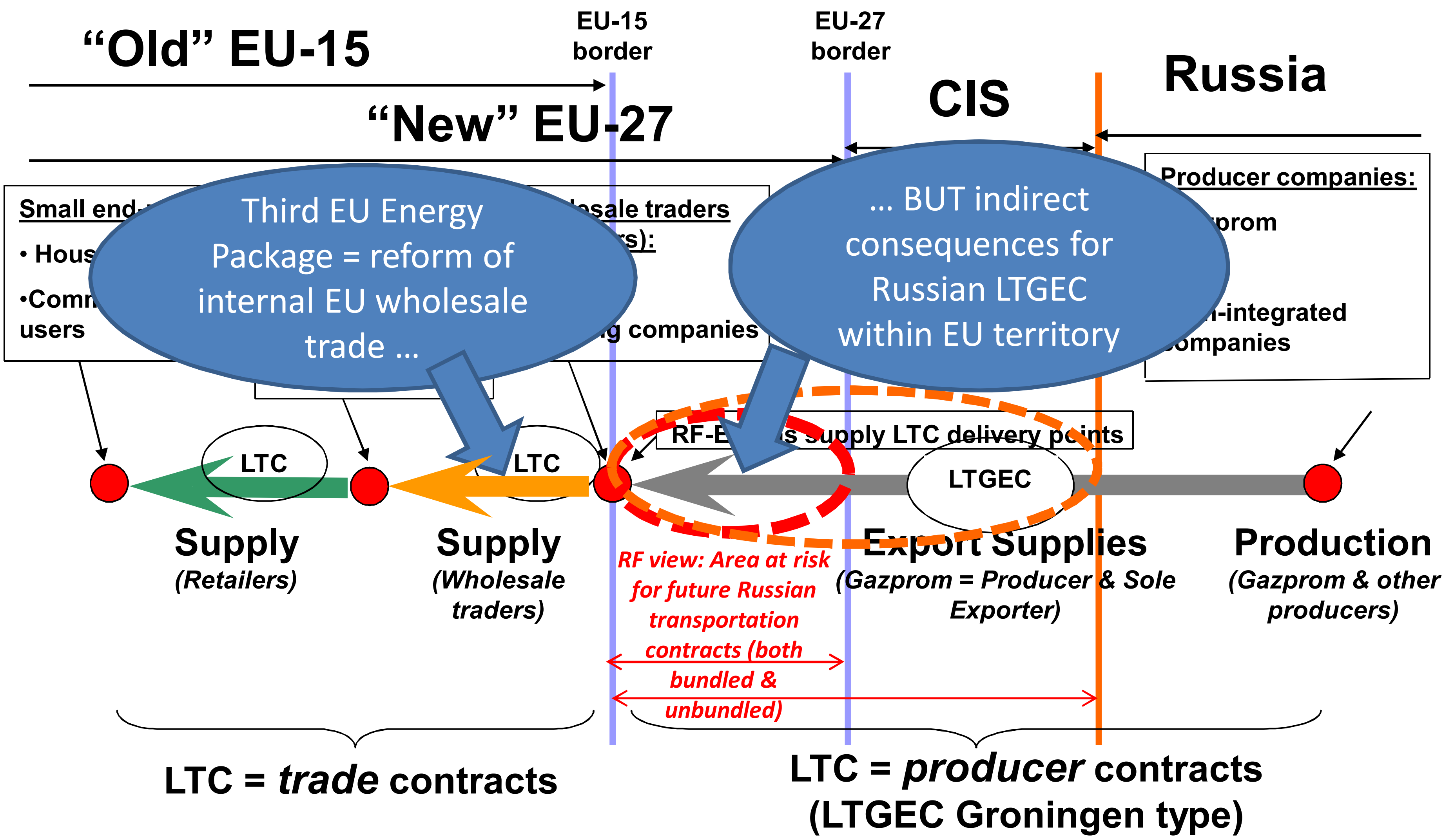
Future organization of internal EU gas market acc. to 3rd Energy Package: radical change of wholesale market architecture

- No single (homogenous) internal EU gas market in the near future even as economic model
- All market areas to be organized as **entry–exit zones** with **virtual hubs** => Towards uniform capacity allocation mechanisms ("**bundled products**") & gas pricing mechanisms ("**liquid hubs**")
- Definition of "wholesale market" as **short/mid-term spot commodity market**
- ***From*** bundled supply & transportation LTC within single VICs ***to*** unbundled system with separated supply & transportation contracts within different entities
=> to balance (long-term & short-term) + (capacity & commodity) contracts within now separated C&C markets



Source: 17th Madrid Forum (Jan 2010), Energy Regulators EU MS

RUSSIA-EU GAS VALUE CHAIN & Third EU Energy Package



Third EU Energy Package (gas)

3rd EU Gas Directive 73/EC/09 (on common rules in gas)

- **Regulation 713/2009 (ACER)**
- **Regulation 715/2009 (access to NG networks)**

3 = Legally binding, entered into force 03.09.2009, BUT … *(delays in transposition)*

- **Framework Guidelines** … **12**
- **Network Codes** … **12**
- **Gas Target Model**

Work in progress

25 = Still need to be drafted and approved, then - legally binding (NC) or non-binding (FG + GTM), BUT … *(delays in drafting)*

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- What are, from your view, the expected benefits (challenges) of the 3rd EU Energy package for different participants within the cross-border gas value chain originated from Russia and destined for the EU?
- What are, from your view, the expected problems and risks of achieving these benefits/challenges? How would you identify these risks for different parties within the cross-border gas value chain originated from Russia and destined for the EU?
- What sort of potential mutually acceptable solutions of these problems do you see (if any) that will lead to minimization or dismantling of such risks?