



Conclusions of the 3rd Meeting of the EU-Russia Gas Advisory Council Vienna, 25 April 2012

1. The third meeting of the EU-Russia Gas Advisory Council took place on 25 April 2012 in Vienna in the presence of P. Lowe, Director General for Energy in the European Commission, and Y.L. Baron, Ministry of Energy of the Russian Federation, and the two speakers, V. Feygin for the Russian side and J. Stern for the European side.


Workstream 1:

2. The Council took note of the presentations on the EU-Russia Energy Cooperation Roadmap (ECRM) and notably its gas chapter. In view of the objective to establish a consolidated draft by late summer this year, it was agreed that the next meeting of the Council should discuss a first draft contribution of the Gas Advisory Council on the basis of contributions from the speakers.
3. Regarding points raised in the RF presentation, there was broad agreement that the ECRM should be forward-looking and places EU-Russia energy relations in an international context.

The Commission made clear that the objective of the ECRM was different from the EU 2050 Roadmap (EURM) and could therefore reach different conclusions.

The starting points of the ECRM are the EU policy context and the situation of EU energy markets on the one hand, and the Russian energy policy context and the Russian energy market on the other hand.

4. The Council welcomed the clarifications made by J. Stern / R. Dickel to further define a "tolerable level of uncertainty" for the next decades of EU-Russia gas relations. The presentation outlined the different risks related to future "uncertainties" for Russia (investment) and the EU (policy and security of supply) and made a differentiation between two stages of uncertainty - up to 2030 and post-2030 - with much greater uncertainty during the second stage. The presentation noted that the uncertainties could be reduced, but not eliminated, through previous investments and contracts and through monitoring and discussion between the EU and Russia.
5. Several Council Members highlighted a number of risks to EU-Russia gas cooperation arising from the EURM scenarios due to the need to make investment decision on production and infrastructure prior to 2030, which will have an impact on the post-2030 period.



The Council took note on the work done on the EURM scenarios in the context of broader scenario analysis under investigation in the Energy Dialogue agenda, and asked to provide for the next GAC meeting the results of the corresponding working session(s), which should increase the transparency of scenarios, as well as mutual understanding of their role in the ECRM.


The Commission suggested that the EURM – while taken as a given - should be understood not as an EU central planning exercise, but as a supporting instrument for EU regional or national decisions, most importantly *in relation to decarbonisation*. As such, the gas component of the EURM should not be viewed as a realistic guide to what might or should happen in the EU in terms of gas demand and imports.

Workstream 2: Internal Market

6. The Council took note of the presentation of W. Boltz and A. Konoplyanik on the results of the Workstream. It was agreed to consider the proposal for an EU-wide coordinated Open Season approach, as a means of providing sufficient security for capacity development and to deal with long-term use of capacity. The Council invited stakeholders and relevant bodies involved in the preparation and approval of corresponding instruments which further develop provisions of the Third EU Energy Package, to take this approach into account and reflect it in the relevant instruments.
7. The Council also took note of the proposal for a "two-segment" approach of the market organisation in the EU enabling market participants to both fully participate in trade at hubs, and also to retain delivery points under (existing) gas contracts. The Council asked Workstream 2 to further work out this proposal and to present its suggestions to the next Council meeting.
8. The Council noted that the next Workstream 2 meeting on 26-27 June, 2012 in Moscow should start an analysis of Russian gas market issues, including interoperability issues, and invited its Members to participate in this event.

Workstream 3: Infrastructure

9. The Council took note of the proposal for a Pan-European (or European wide) gas dispatch centre. It also discussed the question whether, in view of the EU decarbonisation policy, there was a risk of "overinvestment" in Russian production and transmission capacity.



10. The Council took note of the presentation given by S. Kamphues on the present situation regarding EU-Russia gas infrastructure. The Council noted the necessity of clearer separation on topics to be discussed by the Internal Market and Infrastructure Workstreams. To avoid possible overlap, the Infrastructure Workstream is recommended to concentrate its efforts on the following issues:

- Promotion of new gas infrastructure projects including elaboration of criteria to define projects of mutual interest between Russia and EU;
- Recommendations on the content of efficient and mutually acceptable infrastructure provisions of new EU-Russia international agreement(s);
- Ensuring security and reliability of existing gas infrastructure used for transmission, storage and supply of gas to European customers;
- Discussion of costs, benefits and general feasibility (including associated tasks) of a potential European gas dispatch service.

The work plan, related timetable, list of participants and future activities for Workstream 3 should be outlined within a specific workshop, and presented at the next GAC meeting.

General

11. The Council agreed that an interim framework needs to be developed, which would assist the EU and Russia during the ‘transition period’ until the new legal/regulatory structure of the EU internal gas market becomes fully operational. Having regard to the as yet unresolved issues of the EU-Russia gas relationship, this interim framework should be presented in the gas chapter of the ECRM and should set out pragmatic arrangements for the ‘transition period’, which would contribute towards defining, and placing limitations on, a ‘tolerable level of uncertainty’ for both parties.

12. The Council reaffirmed its commitment made at the 2nd GAC Meeting to create a separate section for GAC activities on the EU DRG Energy and Russian Ministry of Energy websites.

13. It was agreed that the next meeting of the Gas Advisory Council should take place on 20 July 2012 in Brussels.

For the European side:

J. Stern

For the Russian side:

V. Feygin

May 2012