

**Presentation on the draft Gas Chapter,  
role of scenarios in the Gas Chapter and in  
Cooperation Roadmap as a whole  
Part 2**

---

*Vladimir Feygin*

Gas Advisory Council Meeting  
July 20, 2012 Brussels

# ECRM Potential Target

From the Minutes of the Meeting of June 06:

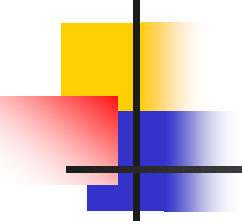
- a statement of the target for 2050 as being a *"Pan-European Energy Space, with a functioning integrated network infrastructure, with open, transparent, efficient and competitive markets, making the necessary contribution to ensuring energy security and reaching the sustainable development goals [as part of a Free-Trade Area between EU and Russia]"*



# CONTENT

---

1. Contribution to the Scenarios Chapter of the Energy Cooperation Roadmap (ECRM)
2. Some reflections to the Gas Chapter
3. Comments on current activities, challenges and next developments



---

# **1. Contribution to the Scenarios Chapter of the Energy Cooperation Roadmap (ECRM)**

# Scenarios: Expected results of collaboration

## *Current interaction*

- The exchange of information on certain set of scenarios of Russia and EU energy development.
- The discussion and assessment of models, scenarios and forecasts on the development of international, European and Russian energy sectors.
- The determination of most critically important premises that are included in the scenarios' spectrum. The minimization of relevant uncertainty in scenarios estimates The monitoring, which is based on scenarios, of long-term risks of instability of energy resources supply (in the framework of Early Warning Mechanism).
- These directions will further keep their significance but will be enhanced by new initiatives.



# Mid-term perspective (up to 2030)

---

- The work on the harmonization of statistical data in energy sector.
- Widely developed deep regular interaction in the field of energy scenarios assessment.
- The system of regular monitoring, reassessment and refining of the spectrum of energy development scenarios.
- Joint research projects on the scenarios development in energy field, uncertainty reduction with the aid of specialized developments in technical-economical problems which are important for the forecasting and the reduction of risks in the Parties' interaction.
- The system of joint initiatives on the elaboration of energy scenarios that are suitable for both Parties.
- Gradual formation of joint structures for the analysis of energy trends, preparation and implementation of joint projects, for the convergence of conditions for markets operation.

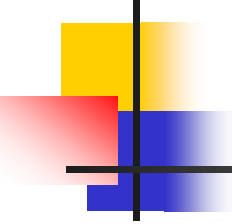
# Long-term perspective (beyond 2030)



---

- Developed system of joint continuous work on the scenarios' estimates of the development of Parties' energy sectors and global energy sectors.
- Joint development of the programs of Parties' energy sectors development, of their interaction and joint projects implementation.

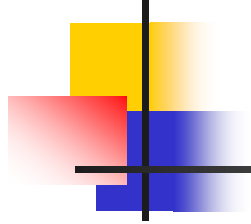
# The mechanisms and institutions of collaboration

- 
- Energy Dialogue Thematic Group on markets and strategies...
  - The Subgroup on forecasts and scenarios...
  - New temporary (for special goal) or long-term mechanisms can be formed. As an example - Gas Advisory Council (GAC) which was created in 2011 by the Energy Dialogue coordinators.

In the short-run:

- The conduction of regular (not less than twice a year) meetings of the experts in energy scenarios and modeling field with the purpose to discuss, to assess and monitor the assumptions which lie in the basis of scenarios.
- Regular publication of annual analytical report
- Assistance to joint internet-resource on energy scenarios and forecasts based on the data of Russian and European organizations





---

## **2. Some reflections to the Gas Chapter**



# GAC potential role

---

- GAC is the recently established mechanism of cooperation in the gas sphere. If it is accepted then GAC may initiate various activities and properly suggest their implementation to the political level
- GAC itself may work on joint research programs in the gas sphere, later - on proposals of establishment of the EU-Russia cooperation center(s)
- Tools for joint economic assessment of gas sector development might be of importance
- Complex gas sector cooperation program might be developed



# GAC directions' potential role

---

How established GAC directions may lead into future:

- WS-1 to work on coordination of both Parties' perspective vision with regular annual progress report issuing
- WS-2 to work on gas markets harmonisation – and more with the pro-active approach
- WS-3 to work on gas infrastructure coordinated operations – again with proactive position in order to provide “no-regret” options
- Both WS-2 and WS-3 to work on harmonisation of the legislation and regulation base and potential intergovernmental agreements



## Some general directions

---

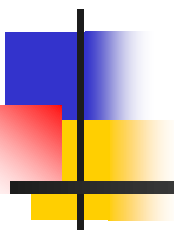
More formal interactions between legal bodies of both Parties to be established.

For instance:

- EU-RF Parliament energy committee or club
- Russian Tariff Service vs. CEER/ACER
- Russian Antimonopoly Service vs. EC Competition Directorate.

They have to be emerged into the Energy Dialogue network and properly provided with the experts support.

## **Actions and next steps**



The above is an invitation to the GAC members' discussion and their views are very much welcome.

---

Drafting Group for Gas Chapter has to be formed

Draft ECRM has to be presented mid-September



---

### **3. Comments on current activities, challenges and next developments**



## CURRENTLY:

---

- We only start this movement and Parties' positions are rather distant
- J.Stern has put significant attention to this in his part 1 of the Presentation and in the relevant paper to the GAC.
- In line with the Conclusions of the 3-rd GAC meeting we had the special meeting on July 3-rd of the Workstream 1 (jointly with the first meeting of the Subgroup on scenarios and forecasts) devoted to gas scenarios.

# MEETING ON JULY 03, 2012

## BRUSSELS

---

### ATTENDEES:

- Representatives of European Commission
- Thematic Group
- Prof. P.Capros
- IEA
- FIEF (Institute for Energy and Finance)
- ERI RAS (Russia)
- Energy Companies

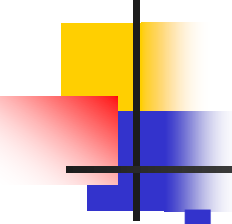


# LIST OF GAC DOCUMENTS SUBMITTED FOR THE MEETING

---

- Analysis of Energy Roadmap 2050
- Questions to scenarios' authors
- The analysis of the "Energy Roadmap 2050" scenarios
- Summary of questions according to ERM "Impact Assessment"
- The presentation "An analysis of the EU Energy Roadmap 2050" scenarios and related papers"

# AT THE MEETING THE FOLLOWING PRESENTATIONS WERE DONE

- 
- 
- Commission view
  - Presentation “An analysis of the “EU Energy Roadmap 2050” scenarios and related papers”
  - Prof. Capros responses
  - The IEA presentation
  - The Russian ERI presentation
  - The presentation “The concept and methodology of work for the subgroup on energy scenarios and forecasts”

# Overview of results regarding questions on the EURM 2050 raised in the Workstream 1

- Detailed responses from Prof. P.Capros were received. They may be distributed as the GAC Working Paper
- A detailed analysis of the authors' answers is on the way and its findings will be presented before the next GAC meeting
- Yet experts did not find clear answers to a number of questions raised in the drafts listed above
- To focus just on a few items:
  - Why gas loses so dramatically its positions in the CPI scenario
  - How can the low energy demand be explained
  - What is the basis of the strong zig-zag behavior of most developments
  - How can the availability of CCS be ensured

# CONSUMPTION DATA FROM CPI SCENARIO, EU ROADMAP 2050

## DATA FROM CPI SCENARIO, EU ROADMAP 2050

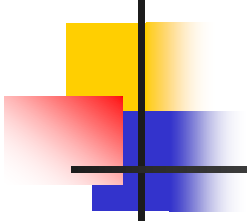
mtoe	2010	2020	absolute change	% change
<b>Solids</b>	280	238	-42	-15%
<b>Oil</b>	635	590	-45	-7,1%
<b>Gas</b>	443	382	<b>-61</b>	<b>-13,8%</b>
<b>Power Generation (TWh)</b>	3313	3645	<b>+332</b>	<b>+10%</b>
<b>Gross incl. consumption</b>	1752	1700	<b>-52</b>	<b>-3%</b>

# SOME CONCLUSIONS



---

- The experience of the meeting on July 03 demonstrates that the approaches and attitudes of the Parties firmly require the detailed specification and the possible unification of approaches in methodological aspects
- Activities in the “mimicring” scenarios lets to much deeper understand specifics of scenarios conclusions and lead to larger transparency which is a strong demand
- All this is reflected in the suggestions for the ECRM activities on scenarios (see above) which were fully supported at the meeting
- An active work of the Sub-Group was recognized as the important component of the Parties activities within the Dialogue
- Next meeting of the Sub-Group is planned to be held in October in Moscow and will be a start of the concentrating work on closing gaps in the methodology approaches and scenarios development
- **All attendees expressed their willingness to actively participate in the joint work in the agreed directions**



---

**THANK YOU FOR YOUR ATTENTION!**