RES subsidies implications for the European gas market

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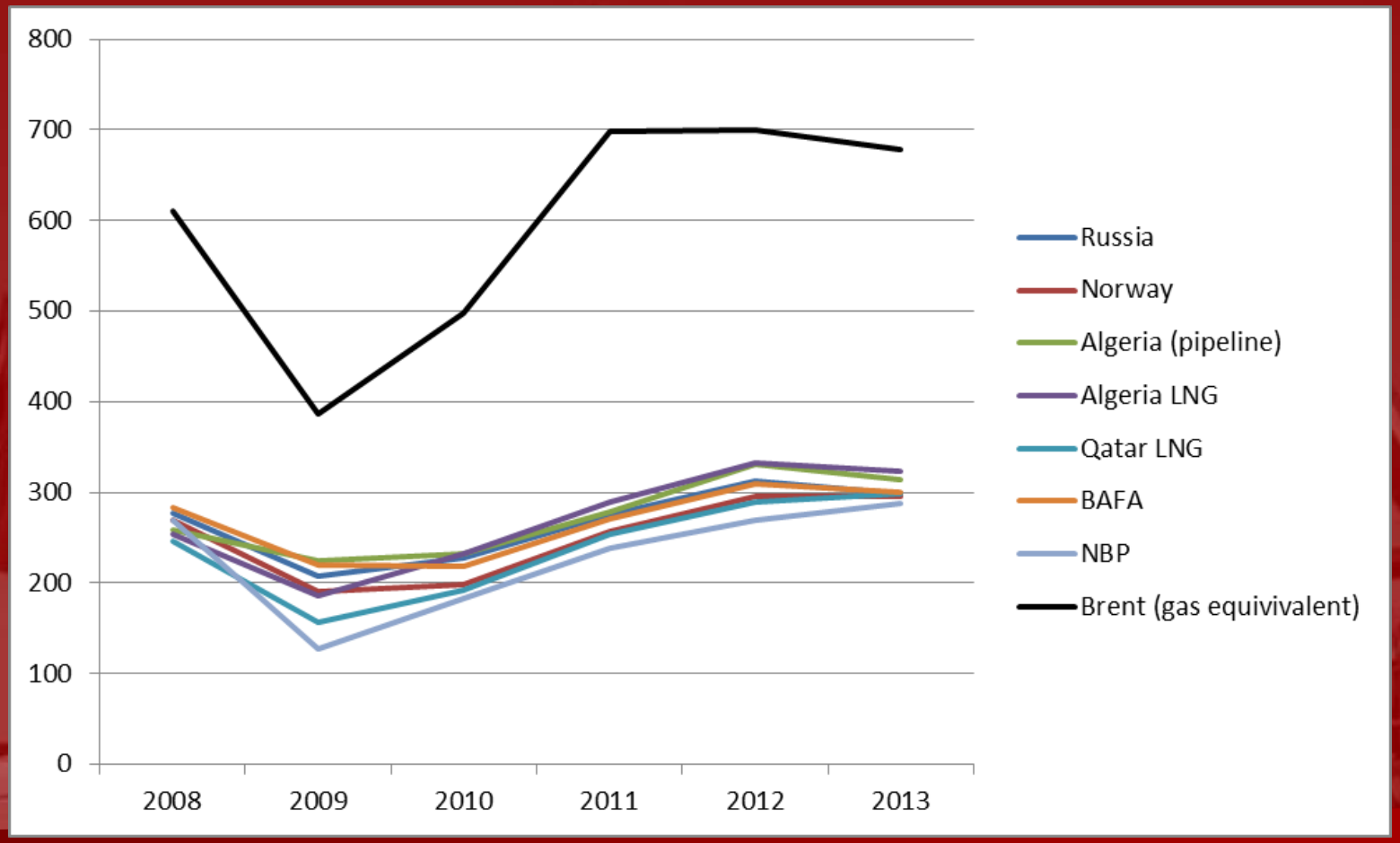
Main Points

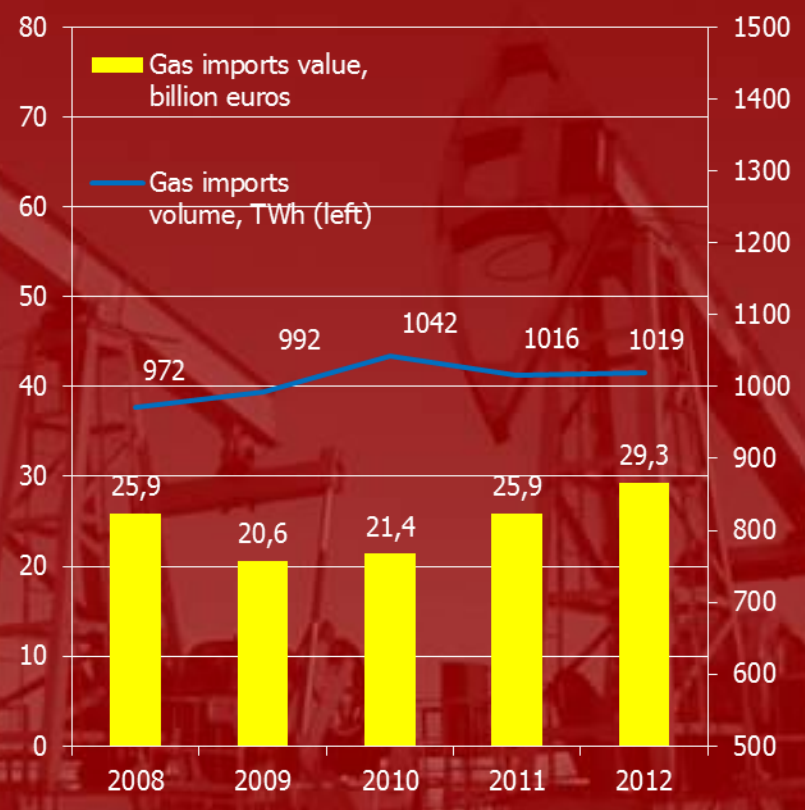
- Oil link in LTC is not a real prime problem gas sector
- RES subsidies and overregulation of gas are the key challenges for fair competition between different energy sources, efficiency and sustainable energy balance
- Anti gas energy policy I EU is of great risk for secure and full gas supply in medium and long term

Average Gas Prices in EU from Different Sources, euro/thousand cubic meters



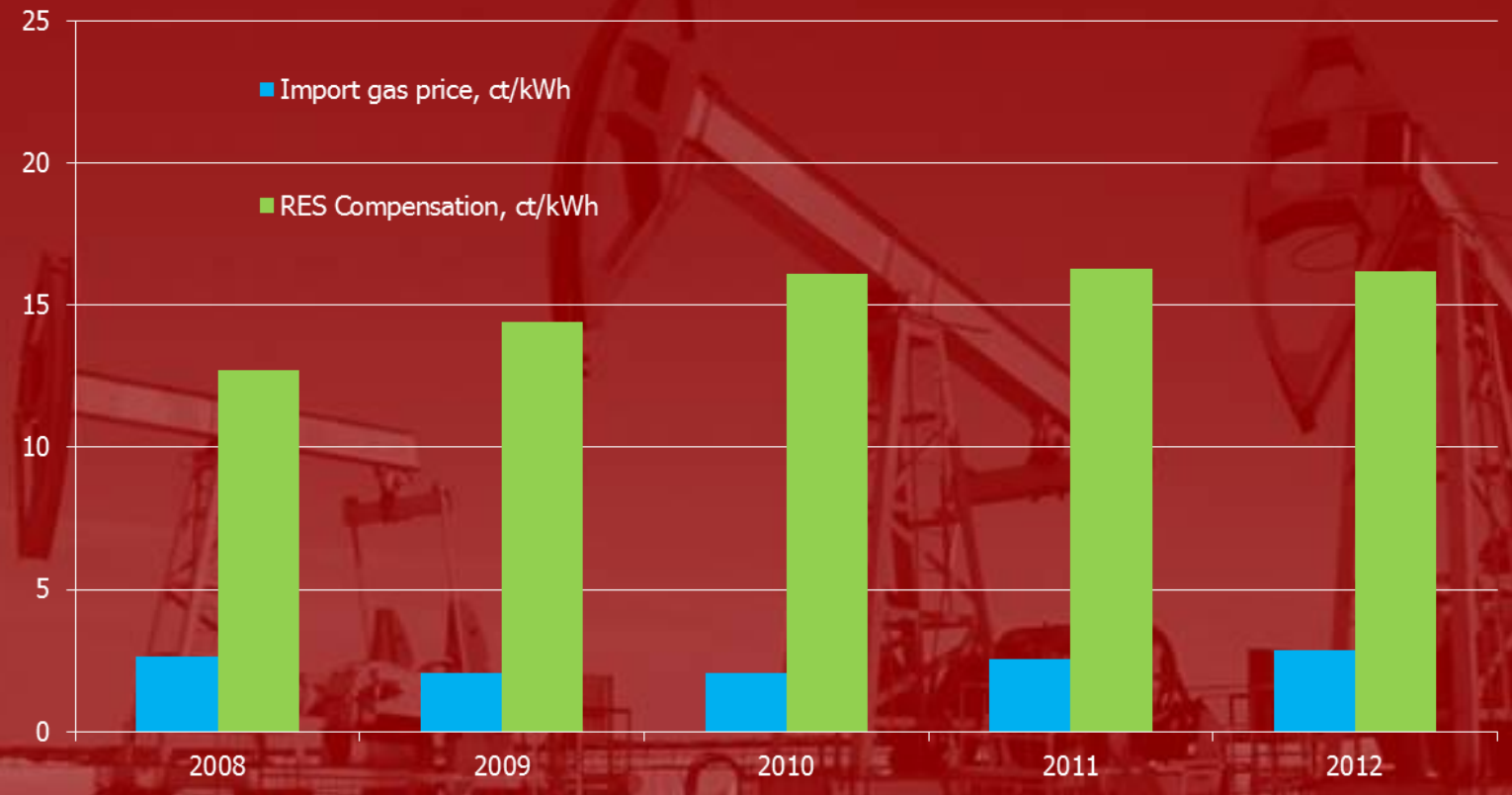
Source: Eurostat COMEXT, Gazprom, IMF, BAFA, Norway Statbank

RES compensation under German Renewable Energy Act and Germany's Gas Imports Value

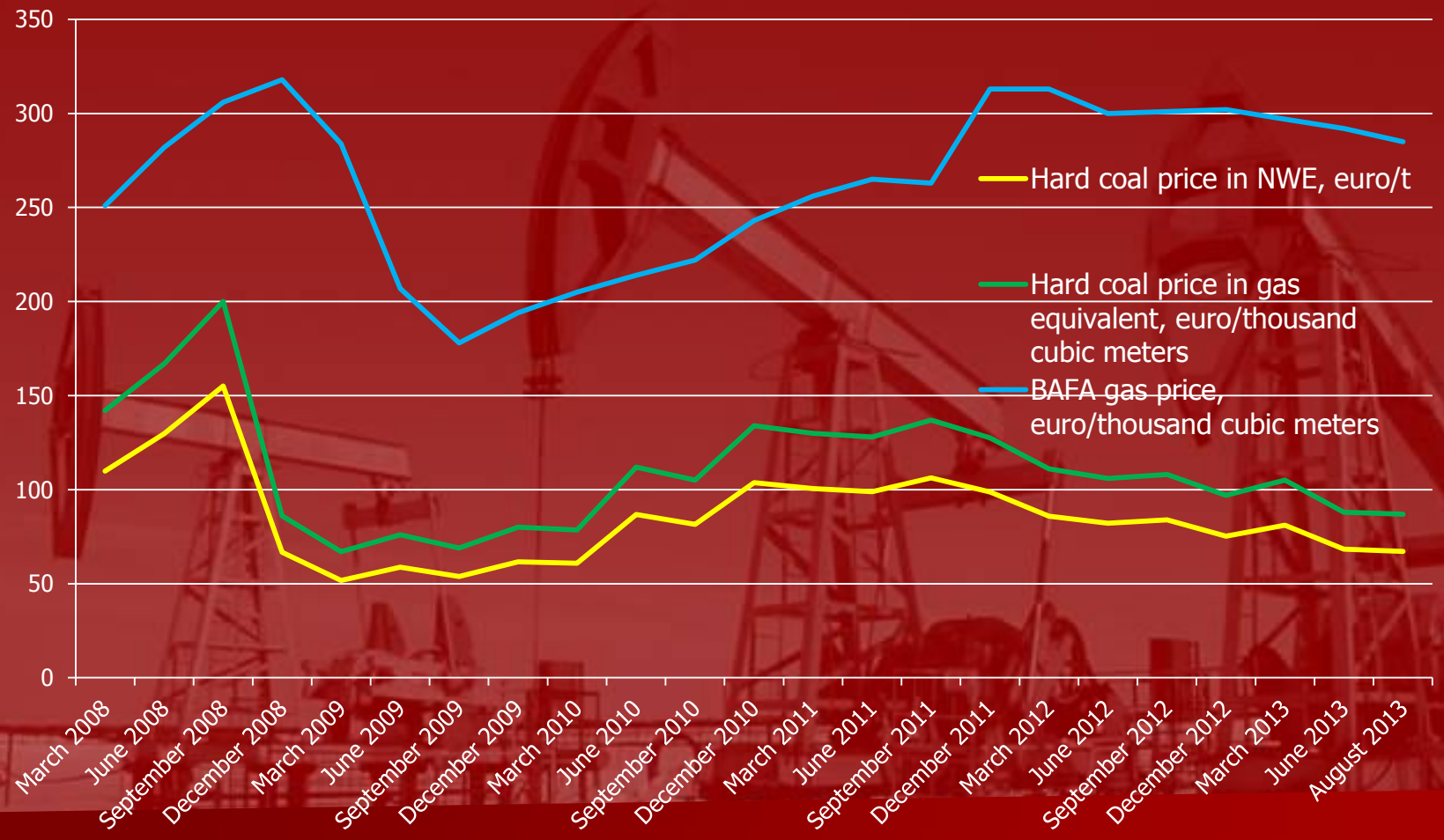


Source: AGEE-Stat, BAFA

RES Compensation and Price for Imported Gas in Germany



Gas and Coal Import Prices in Europe



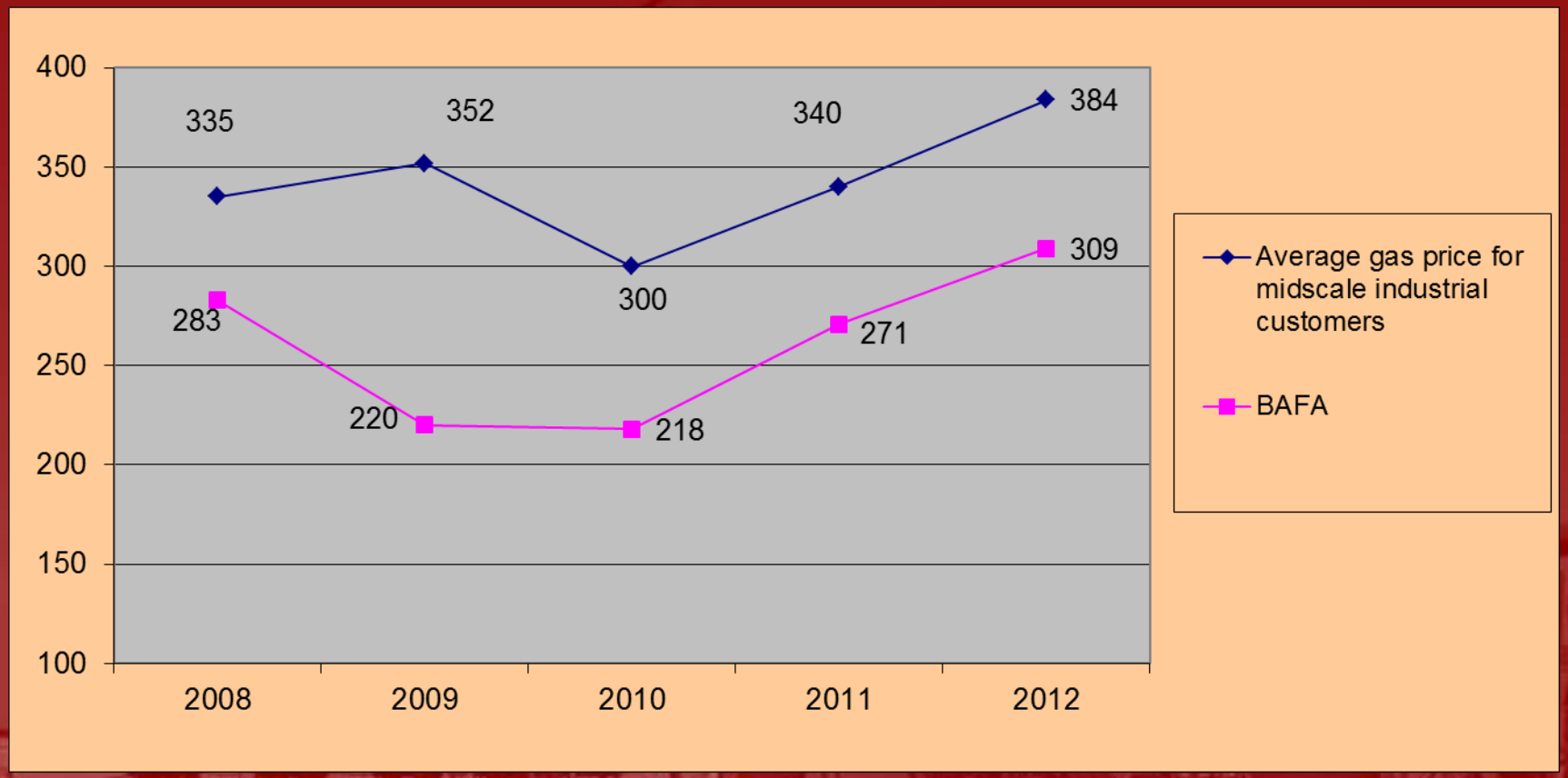
Source: BAFA, Eurocoal

Gas Prices for Midscale Industrial Customers in the EU (excluding taxes), euro/thousand cubic meters

	2002	2005	2008	2009	2010	2011	2012
EU	***нд***	***228***	***335***	***352***	***300***	***340***	***384***
BELGIUM	199,5	200	342	332	290	331	348
BULGARIA	нд	143	217	332	253	303	381
CZECH REPUBLIC	178	194	324	341	312	317	341
DENMARK	171	228	нд	281	252	358	376
GERMANY	277	295	428	413	341	440	458
ESTONIA	нд	105	257	277	285	278	373
IRELAND	185	нд	420	353	291	376	371
SPAIN	165	178	290	331	293	307	380
FRANCE	187	236	344	371	340	375	399
ITALY	223	231	333	395	296	313	402
LATVIA	нд	132	300	413	272	308	377
LIETUVA	нд	137	333	332	338	370	474
LUXEMBURG	224	262	396	421	385	440	532
HUNGARY	186	220	357	380	303	314	523
NETHERLANDS	нд	243	308	342	271	287	304
AUSTRIA	214	233	нд	327	342	341	369
POLAND	233	201	318	294	319	346	356
PORTUGAL	238	229	330	373	290	356	421
ROMANIA	нд	140	237	179	156	161	201
SLOVENIA	243	194	355	431	413	425	562
SLOVAKIA	нд	193	353	423	332	350	403
FINLAND	235	237	281	304	300	355	413
SWEDEN	224	307	474	333	393	445	473
UK	206	221	277	291	226	246	323

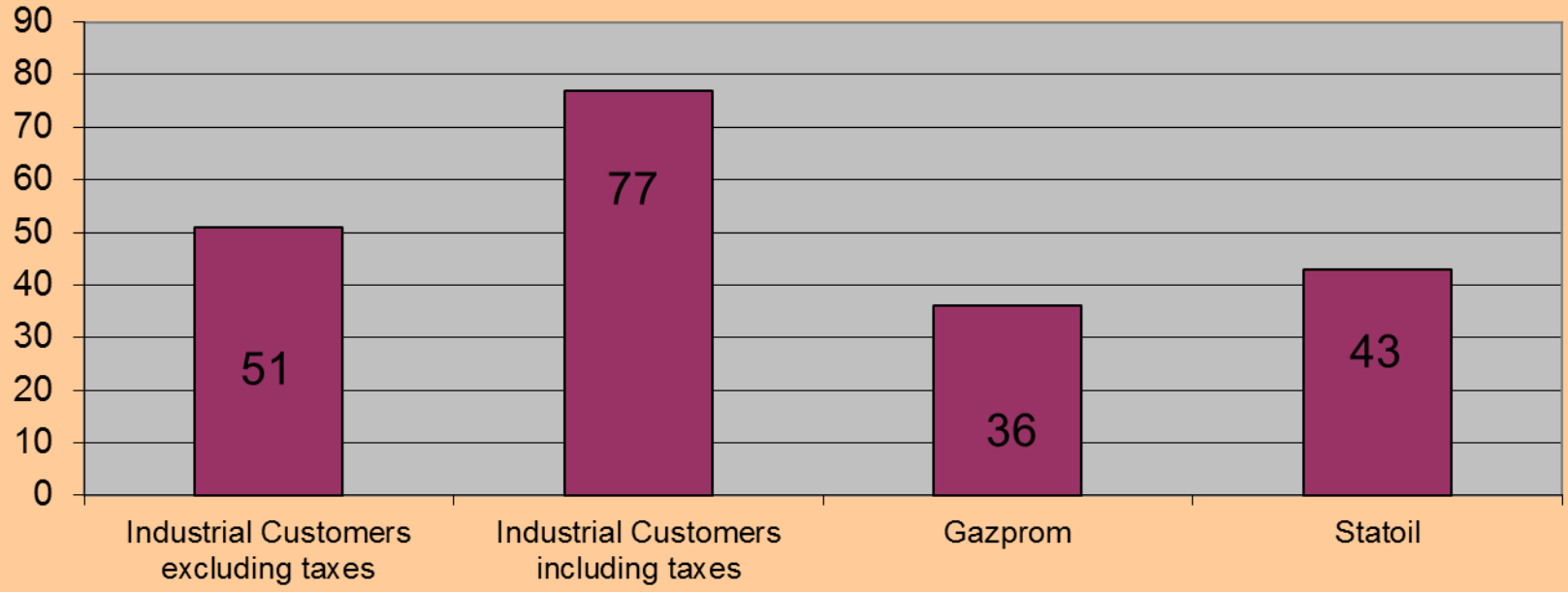
Source: Eurostat

Gas Price for Industry in EU (excluding tax) vs BAFA, euro/thousand cubicmeters



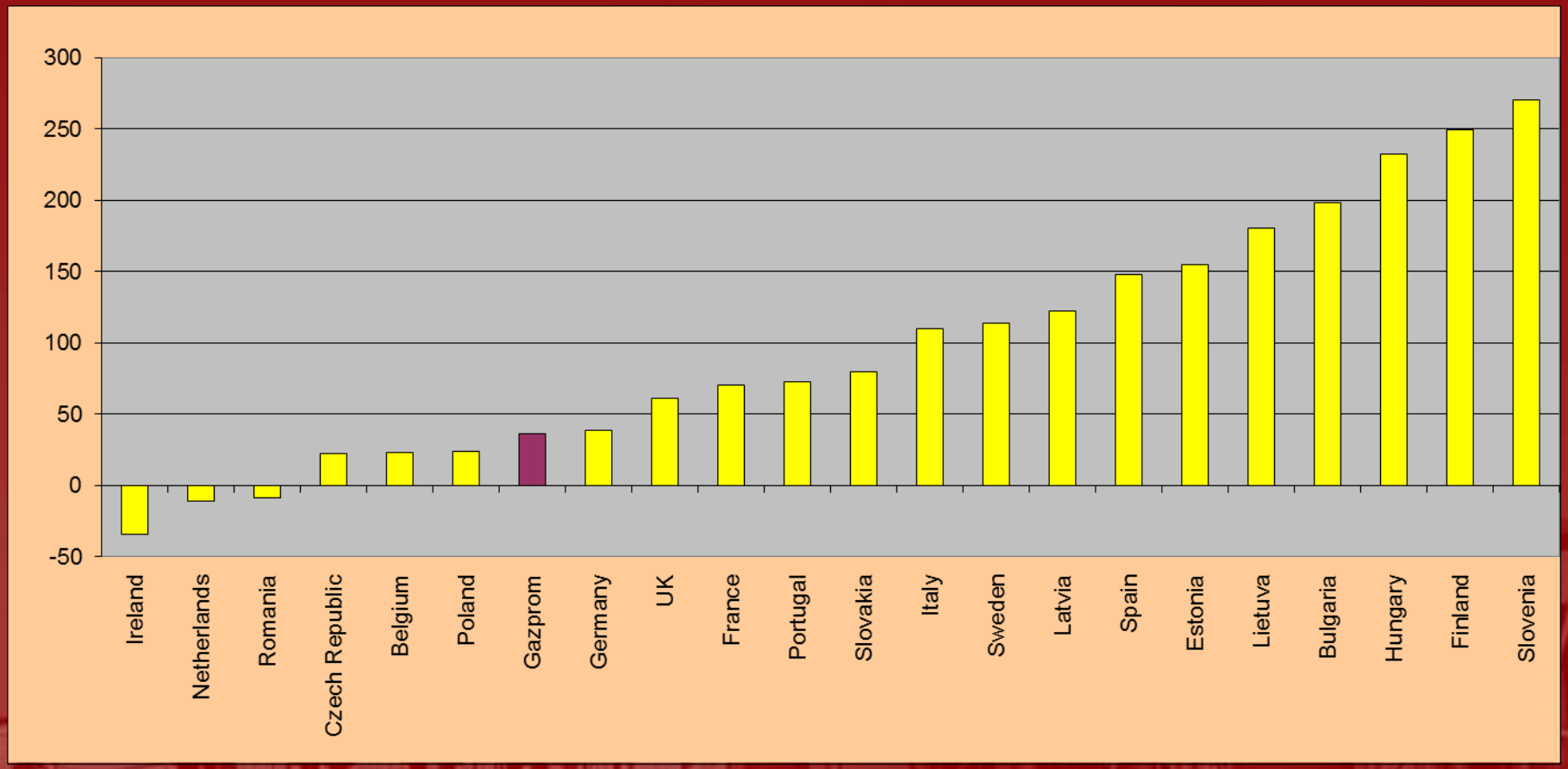
Source: Eurostat

Gas Prices Increase from 2008 to 2012, euro/thousand cubic meters



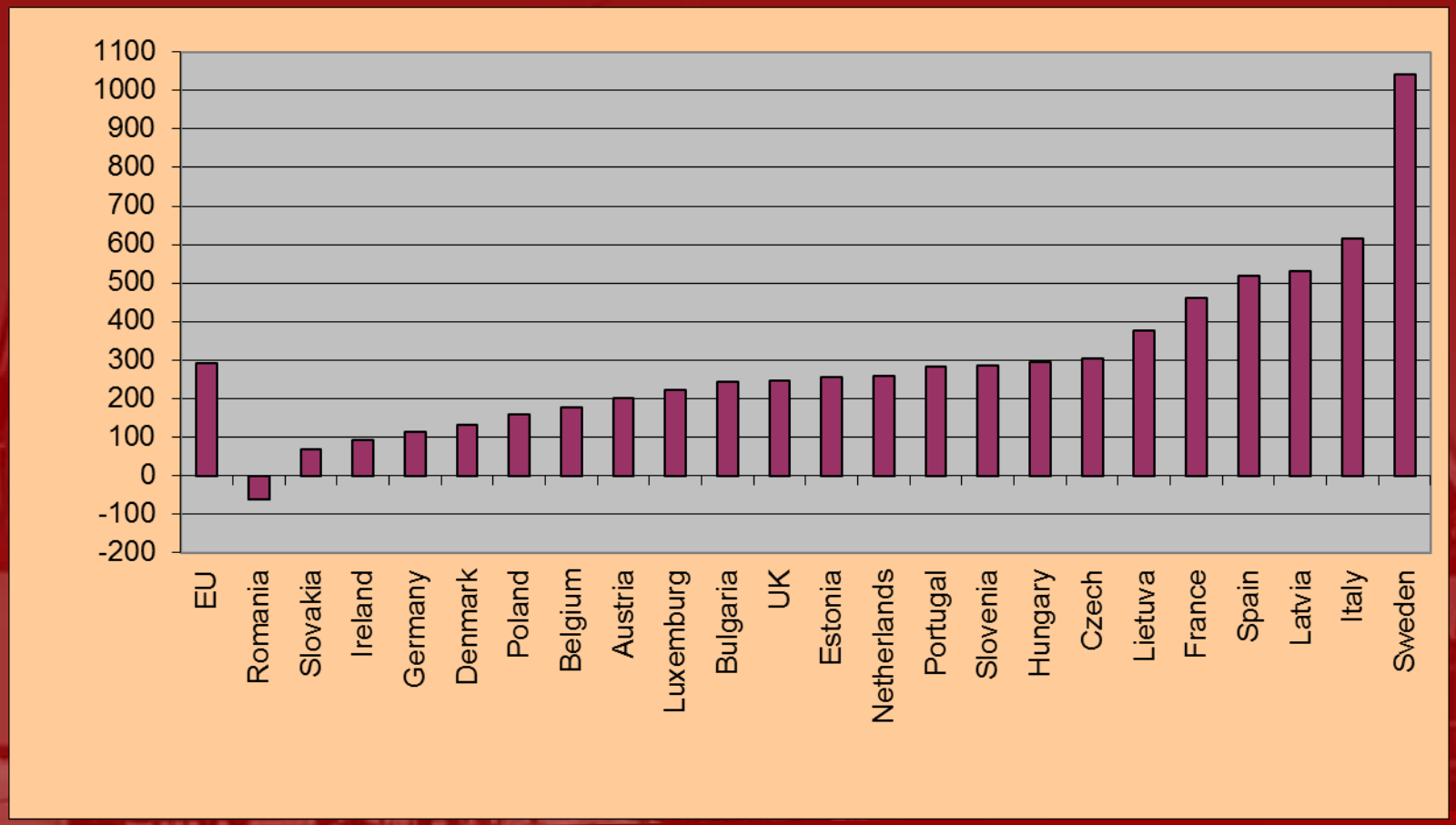
Source: Eurostat, NESF estimations

Industrial Customers Gas Price (including taxes) Increase 2008-2012, euro/thousand cubicmeters



Source: Eurostat, NESF Estimations

Household Customers Gas Price (including taxes) Increase 2008-2012, euro/thousand cubicmeters



Source: Eurostat, NESF estimations

Conclusions

- All the good purposes for Europe, such as reduction of dependence on import, lowering of energy bills, or reduction of greenhouse gas emissions, the current results of the anti-gas subsidisation package are basically far from achieving them
- Decrease of investment initiatives in new gas supply sources which have their target EU market
- Mutual distrust, excess politicisation of economic matters and artificial badly thought-out regulation leads to a loose-loose situation for all the parties

THANK YOU!

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Norway Gas Supply and Statoil Obligations' Dynamics Under LTC, BCM

	2002	2008	2009	2010	2011	2012	2013	2014	2015
Gas Supply to EU	43,1	77,8	79,2	74,1	70	81,9			
Statoil Supply Obligations Under LTC with EU Customers									
31.12.2008		75,4	73,3	74	72,5				
31.12.2009			70,8	68,8	67,7	68			
31.12.2010				70,3	70,3	68,3			
31.12.2011					70,3	68,8	68,3		
31.12.2012							54,5	51,4	48,8

Source: Statoil