

# “Toward a Redefinition of the South Corridor”

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## Toward a Redefinition of the South Corridor (I)

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- ❑ As European energy demand is set to grow over the next few years, there will be a need for increased imports as indigenous oil and gas production has reached its limits and is already declining. **Today EU 28 is more than 53 per cent energy import** dependent, with this figure set to increase as in addition to oil and gas there is going to be a further decrease in locally produced coal and lignite in view of stringent environmental considerations.
- ❑ **The South Corridor** will play a pivotal role as an alternative entry gate for gas which will help Europe diversify both its **energy supplies** and its **energy routes**. It should be stressed that the South Corridor could strengthen the **security of energy routes**.
- ❑ **TANAP-TAP gas pipeline system**, which is now under construction, is the foundation of the South Corridor. However the TANAP-TAP pipeline system is only capable of transporting limited gas volumes to Europe, i.e. 10 ,00 BCM's per year by 2020/21.(plus 6 ,0 BCM's which will be routed to Turkey) and 20 BCM in phase two.

## Toward a Redefinition of the South Corridor (II)

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- Meanwhile several gas exploration projects are in the development stage in the **East Mediterranean** region with important new gas discoveries such as the Leviathan and Tamar fields in Israel, Zohr in Egypt and Aphrodite (which borders with Zohr) in Cyprus' EEZ.
- A number of alternative plans are under discussion for channeling this gas to Turkey, for local consumption, but also to Europe proper for transit to the continent's main gas markets. These plans include gas pipelines, liquefaction plants for LNG export and FSRU terminals to be tied up into the TANAP-TAP system
- Another option apart of TAP – TANAP system is the **East Med Pipeline** which again, due to the significant technical challenges, could also accommodate limited quantities of gas in the regions of 8.0 to 12.0 BCM's per year. Meanwhile EC is actively exploring the possibility of massively increasing the member countries' LNG capabilities as part of Energy Union priorities.

# An Expanded South Corridor in the Making



## Toward a Redefinition of the South Corridor (III)

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- ❑ The now defunct **South Stream**, and its possible successor the **Turkish Stream**, should also be considered as a potentially vital gas supply route.
- ❑ Furthermore, South Stream or the Turkish Stream pipeline raise the prospect for the **stalled ITGI** natural gas pipeline being developed. ITGI (Greece- Italy Gas Interconnector) has also been included in the European Commission's latest PCI list although it is not linked as yet to any particular gas supplier. Russia's latest proposal for natural gas supply to Europe via the Greek- Turkish border could incorporate ITGI into its plan.
- ❑ Alongside of the East – West route, the **Vertical Corridor** is a gas system that will facilitate the connection between existing national gas grids and other gas infrastructure in East Balkans in order to secure easy gas transiting, thus contributing to energy security and market liquidity. Such a gas system (which will bring together national grids, underground gas storage facilities, interconnectors, LNG terminals) will form an important new corridor from South to North whose operation will be fully aligned with EU Directives and European energy policy.

## Toward a Redefinition of the South Corridor (IV)

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- ❑ Initially the Vertical Corridor will manage the transportation of some 3.0 – 5.0 bcm per year commencing from the Greek national grid in Komotini. Greece will then satisfy its domestic gas demand from four (4) different entry points (TAP, Revythousa LNG, Kipoi, FSRU Alexandroupolis) while there will be some excess gas quantities that can be exported.
- ❑ In view of several new projects under development in the region, it is time to redefine the South Corridor by including these new potential gas supply sources and routes. Therefore an **expanded South Corridor** should be considered and defined as such, to include all major gas trunk pipelines and terminals which will feed gas into the system which will then be directed towards the main European markets.
- ❑ Finally an expanded South Corridor with its multiple gas entry points and linked underground gas storage and LNG facilities will provide the necessary background for the operation of **regional Gas Trading Hubs** as IENE has already proposed in its relevant study “The Outlook for a Natural Gas Trading Hub in SE Europe” (IENE Study Project No. M19, September 2014)



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**Thank you for  
your attention**

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