SE Europe gas flows

Flow changes 2019-20 and implications

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Key Policy Issues & Critical Choices for SE Europe

Gas flow changes in SE Europe

- Flows before 2019
- Flow changes in 2019-2020, and likely changes in early 2020s
- Implications

Flows before 2019 in SE Europe

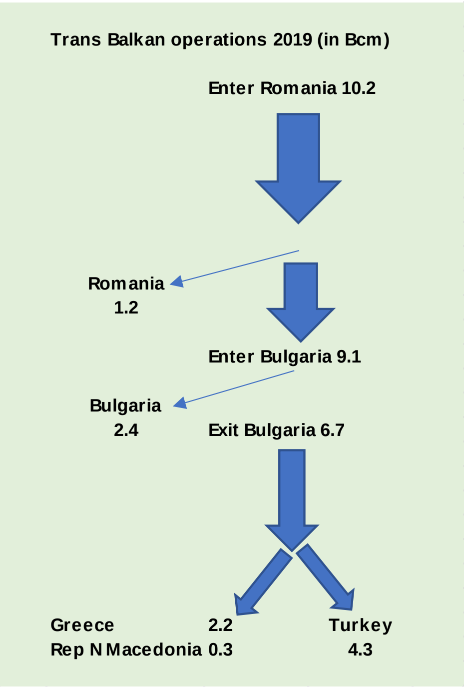
- SEE a cluster of small, disconnected 'island' gas markets.
- Total SEE market size 25 bcma
- Supply: Russia dominates: 45% overall; 70% if Romania excl
- Imports mainly via Trans Balkan pipeline system, a major ~25 bcma artery extending from Ukraine through SE Europe into Turkey
- During 2010s, one policy driver in SEE was security and diversity of supply.
- Interconnector projects defined, major EU initiatives (eg CESEC priority project list), but practically nothing built.

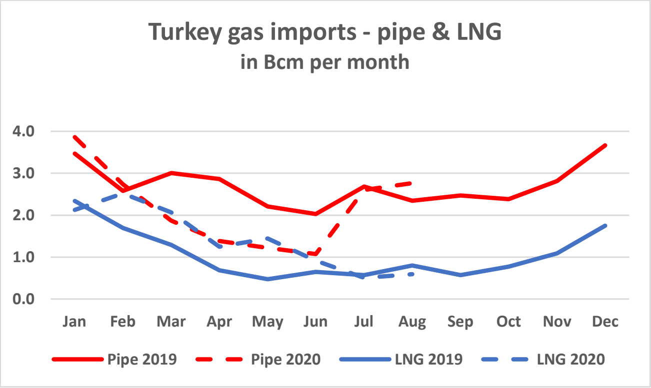
Gas flow changes 2019-20, and into the early 2020s

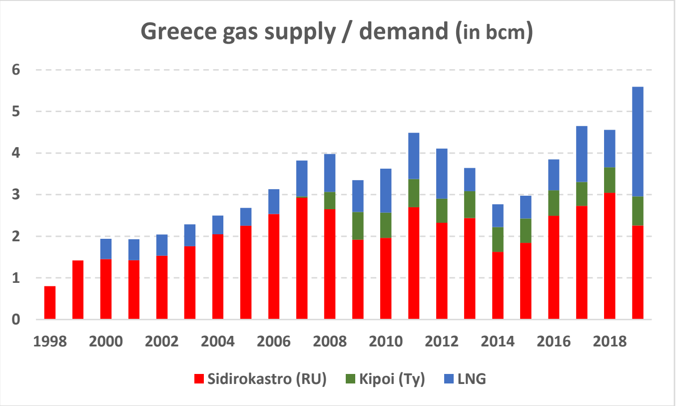
- **Flow changes in 2019-2020**
  - LNG to Bulgaria via Greece (0.7 bcm in 2019, 20% of Bulgarian demand)
  - Turk Stream (TS) first flow Jan 2020 (all TBP gas diverted into it)
  - Trans Balkan pipeline system (TBP) becomes empty
  - Romania: greater use of Hungary interconnector
- **Flow changes 2021 onwards**
  - TS onshore start-up spring 2021 (Bulgaria-Serbia connection done Nov 2020; Serbia compressor might cause delay. US sanctions?)
  - TAP ramp-up after Dec 2020 start-up (Southern Gas Corridor)
  - IGB Greece-Bulgaria interconnector start-up mid 2021
  - Croatia LNG start Jan '21 (FSRU arrived Dec 2020)

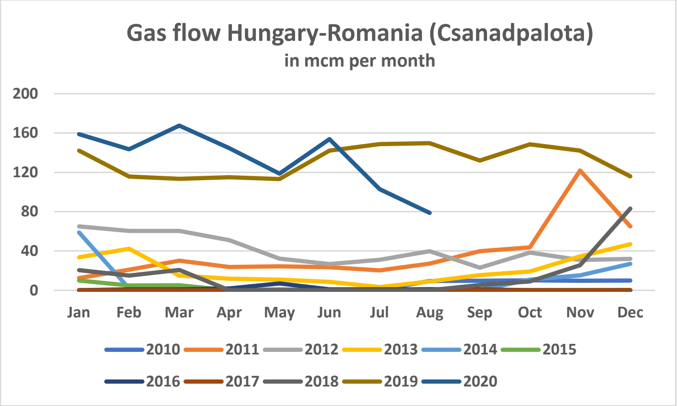
  above can all be 'banked'; then in addition…..
  - Alexandroupolis LNG, Trans Balkan reversal, Romania Black Sea etc

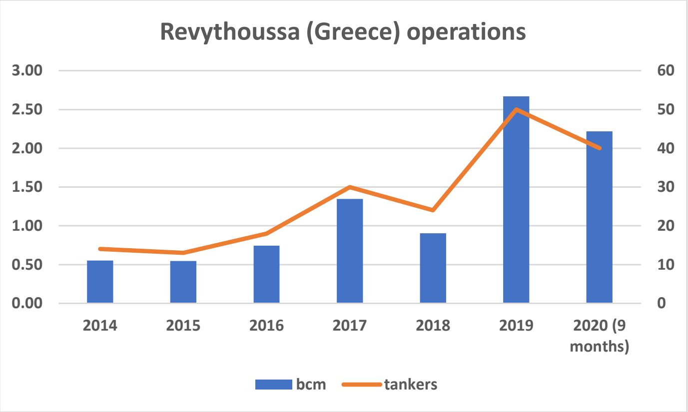
Flows 2019-20 – some illustrations of change











Why the changes in 2019-20? Drivers of change

Mixture of

- LNG & Southern corridor (alternative supply)
- EU software (pipeline regulatory)
- Hardware (Turk Stream. Note, no new interconnectors on-stream in SEE)
- Coincidence

Assertions

- Security & diversity of supply concerns are now history
- SEE regional pricing point (hub?) – prospects improving fast
- Interconnectivity – sufficient capacity is now *almost* in place
- Russian market share is threatened