

**Speaking Points form Dr. Marika Karagianni,**  
Caspian Energy Expert, Dpt. Of Black Sea Countries,  
Democritus University of Thrace

**The role of Greece as the main transit route for Caspian natural gas**

- As we all know, in 2020, Azeri gas from SHAH DENIZ II will come to Europe- to Greece, Albania and Italy- through the TANAP- TAP system of the EU Southern Gas Corridor. Phase I projects 10 bcm/ y with a 3<sup>rd</sup> Party Exemption applied to TAP. Future interconnections include the IGB to Bulgaria with 3 bcm/ y and potential expansion up to 5 bcm/ y, scheduled to start also in 2020. IAP connection to the Western Balkans is also being promoted vividly, however it is still at an early stage.
- The question comes up regarding to what happens after 2020 and beyond the initial 10 bcm?
- In the past 2-3 years, it has become more than obvious that Azerbaijan has experienced significant financial problems, mainly due to the low global energy prices, which affected seriously its domestic economy. AZ has not managed all these years to diversify its economy, hence its exaggerated dependence on oil and gas development. Shah Deniz and Absheron field development thus became more expensive and more difficult for SOCAR to go on with. Hence, SOCAR turned for the first time to foreign lending from EIB, EBRD and World Bank. First of all, the banking sector of the country was immediately affected and it is only this year that the banks have started to grant loans again. And the Shah Deniz III development beyond 2030 is already under question.
- From the above, it has become more than obvious that Azeri gas will not suffice for the second phase of the Southern Corridor, especially for the IGB and IAP expansions. The second phase of TAP scalability up to 20 bcm/y will thus require natural gas from other sources, that is why the EC has foreseen not to have a 3<sup>rd</sup> Party

Exemption and discussion has been ongoing for several time to inject natural gas from other sources to TANAP- TAP.

- For the first time the intention to open the Southern Gas Corridor to every potential source of natural gas other than Azerbaijan is officially put into the communiqué of the 4<sup>th</sup> meeting of the Advisory Council of the Southern Gas Corridor in Baku on 15 Feb.
- More in particular:
- Discussion on Gazprom using the Southern Corridor to send Russian gas to Europe has been ongoing in Baku for years now. Both sides seem very keen to promote this, even for phase 1 of TAP, however consent on the part of the European Commission is needed. Phase 2 does not have the 3<sup>rd</sup> Party Exemption clause, as a result we should expect that such an agreement will come on board sooner or later. We should not also forget that Azerbaijan sends natural gas 1-2 bcm/ y to the Russian provinces of the Northern Caucasus Daghestan and Kalmykia on the basis of bilateral contract between Gazprom and Socar.
- Turkmen gas needs the realization of the Trans Caspian gas pipeline, long stalled due to Russian objections and the non resolution of the legal status of the Caspian Sea. However, now that an overall agreement on the legal status seems to be at hand and Russian objections also seem to be fading, the EU has announced financing of 1.872 mn Euros for a new study on the realization of the Trans Caspian gas pipeline. Furthermore, at the above mentioned meeting of the Southern Gas Corridor in Baku, Turkmenistan sent for the first time its envoy. The study was awarded to White Stream company, based in Georgia, a company that is aiming to develop another subsea pipeline in the Black Sea, from Georgia to Romania.
- As a result, it seems that for the time being, nothing is certain about Phase 2 of the Southern Gas Corridor and everything is open, i.e. all sources of natural gas are invited to join the TANAP- TAP system with the EU blessing.

