

BI-DIRECTIONAL GAS INTERCONNECTORS IN THE DANUBE REGION

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EU Strategy for the Danube Region

Assumptions

- **The context:**
 - Unconventional gas revolution in U.S.
 - Economic crisis
 - LNG market turns into the buyer's market
 - LNG glut in the Atlantic basin

- **Resulting changes in the CEE gas market**
 - Expansion of the gas-to-gas competition based on spot trading
 - Renegotiation of the long-term contracts with Gazprom (contract flexibility)

- **Bi-directional gas interconnectors play a major role in this development as they**
 - Facilitate the competition
 - Enhance security of supply
 - Are in line with long-term European energy strategy vis-a-vis the internal market (Reg. 715/2009, 994/2010, Connecting Europe Facility and PCIs, the results of €78M invested in the 14 projects in EEPR).

Objectives of the study

- ❑ What changes will the introduction of bi-directional gas interconnectors in the Danube region bring along?
- ❑ Expected **impact on the market** – enhanced competition, liquidity, and integration, improved functioning of the internal gas market.
- ❑ Expected **impact on the security of supply** – closing the missing link in the network infrastructure for transporting an trading gas, enhance diversification of routes and resources (in accordance with Reg. No 994/2010).

Research design/structure of the study

STEP 1) A brief theoretical introduction on the various market structures and pricing systems that exist in the continental Europe. The same on the security aspects of current gas network.

STEP 2) Case studies of most important bi-directional interconnectors in the EU Strategy for the Danube Region member states.

STEP 3) Interpretation of the case studies' outcomes within the framework established by the theoretical introduction.

STEP 4) Recommendation for the govt's of the Danube region countries

Output

- A study presenting
 - Expected development in two different timeframes (short and middle-term).
 - Evaluation of their impact on the security of supply and functioning of the regional gas market.
 - Set of recommendations for the respective Governments.

	Short term (2-3 years)	Middle term (up to 10 years)
Market structure	<i>Impact & Recommendations</i>	<i>Impact & Recommendations</i>
Security of supply	<i>Impact & Recommendations</i>	<i>Impact & Recommendations</i>

PCI – gas projects

