

A large, stylized graphic of a flame in shades of light blue, positioned on the left side of the slide. It consists of several curved, overlapping shapes that suggest the movement and heat of fire.

## **Demand for Natural Gas in Europe — View from Gazprom Export**

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AEB Round Table

Moscow, October 28, 2009

# Contraction in demand for gas in the OECD Europe

## Gas consumption, H1 of 2009 compared to H1 2008, bcm

	Jan.-Jul. 2008	Jan.-Jul. 2009	Change (bcm)	Change (%)
Germany	55.6	56.5	0.9	1.6%
UK	59.4	52.8	-7.1	-12.0%
Italy	51.3	44.9	-6.4	-12.5%
Turkey	22.2	18.9	-3.3	-15.0%
<b>OECD Europe</b>	<b>328.2</b>	<b>303.6</b>	<b>-24.6</b>	<b>-7.5%</b>

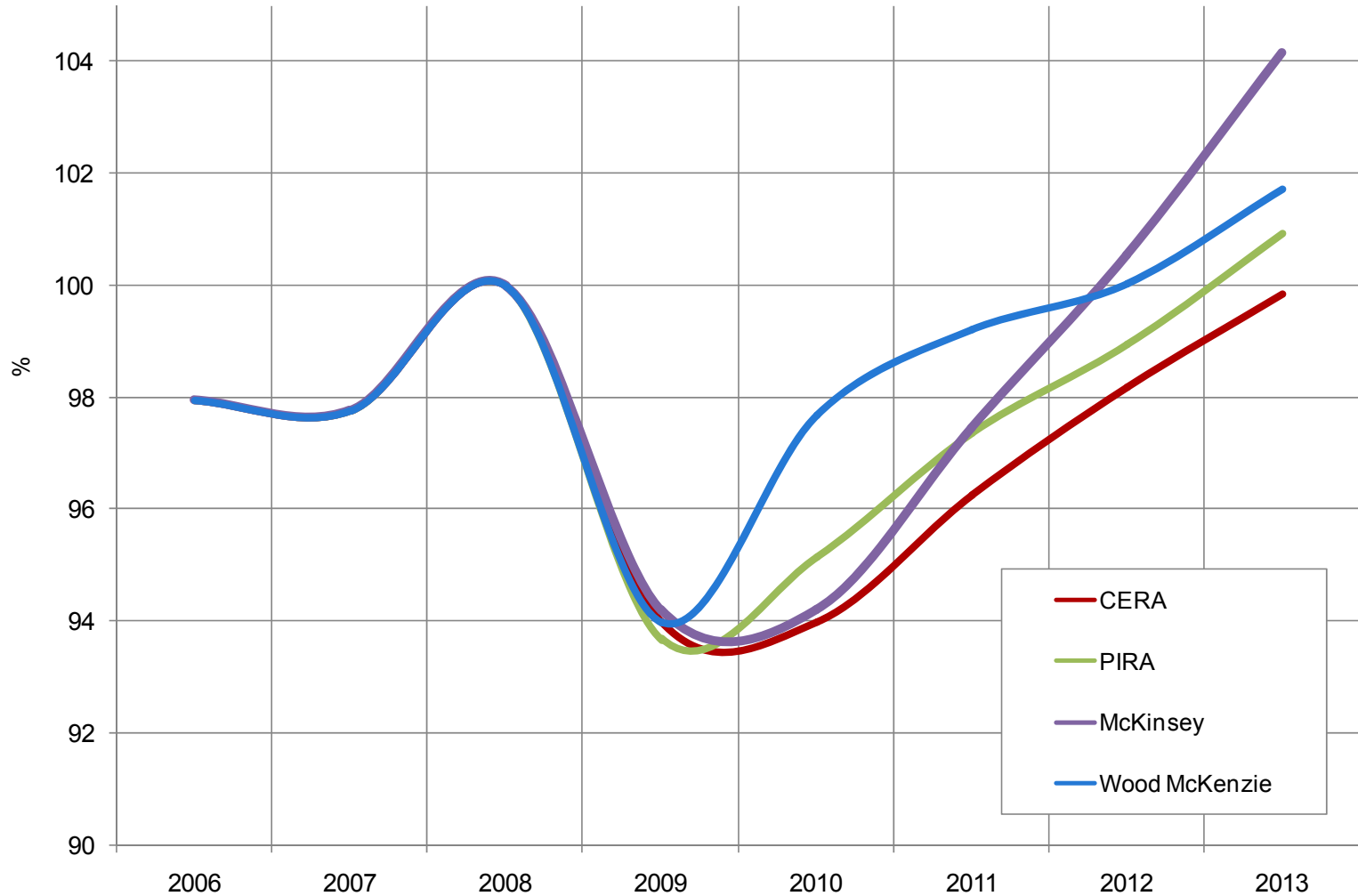
## Gas consumption, H1 2009 compared to H1 2007, bcm

	Jan.-Jul. 2007	Jan.-Jul. 2009	Change (bcm)	Change. (%)
Germany	52.9	56.5	3.5	6.6%
UK	56.8	52.3	-4.5	-7.9%
Italy	48.5	44.9	-3.5	-7.3%
Turkey	21.2	18.7	-2.3	-10.9%
<b>OECD Europe</b>	<b>305.6</b>	<b>303.5</b>	<b>-2.1</b>	<b>-0.7%</b>

Source: International Energy Agency

# Demand picked up again in 2H of 2009 to return to the pre-crisis levels in 3 to 4 years

## Gas consumption in Europe forecasts in a short term

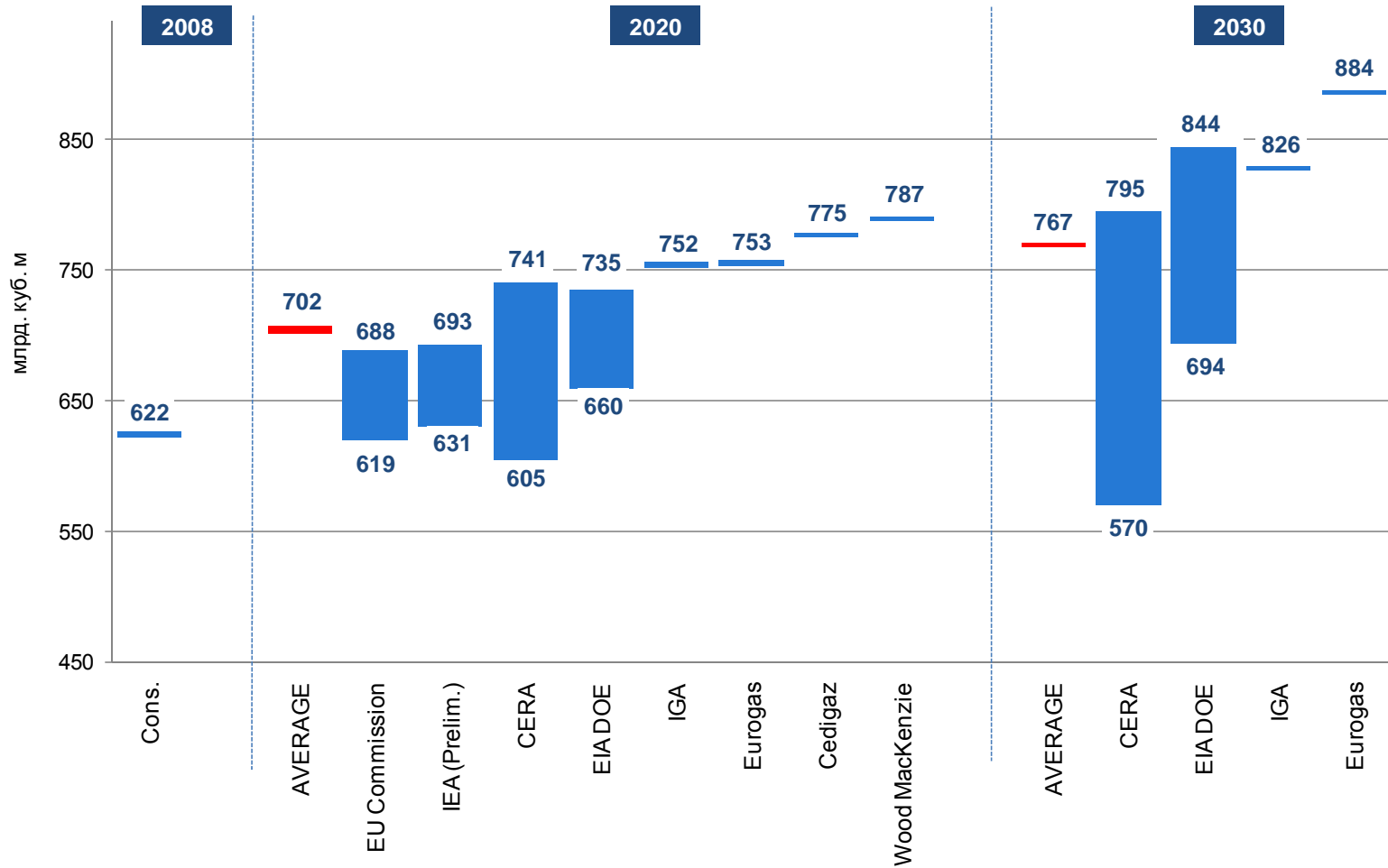


# Gas Consumption Forecasts for the European Natural Gas Market (1)

Forecast	Date	Scenario Name	CAGR in 2008-2020, %	CAGR in 2008-2030, %
EU Commission		Base at 61 USE/barrel	+0.85	--
		Base at 100 USE/barrel	-0.03	--
		Ecological at 61 USE/barrel	-0.72	--
		Ecological at 100 USE/barrel	-1.68	--
International Energy Agency	H1 2009	(Preliminary) Optimistic	+0.91	+1.4
		(Preliminary) Pessimistic	+0.13	+0.5
CERA	June 2009	Asian Phenix	+1.48	+1.13
		Break Point	-0.22	-0.39
		Global Fissures	+0.58	+0.50
Energy Information Administration of DOE, USA	March 2009	Base	+1.00	+1.00
		High Economic Growth	+1.40	+1.40
		Low Economic Growth	+0.50	+0.50
		High Oil Prices	+1.20	+1.20
		Low Oil Prices	+1.00	+1.00
International Gas Association	Sept. 2009	Expert Scenario	+1.60	+1.29
Eurogas	March 2009	Base	+1.61	+1.61
CEDIGAZ	Febr. 2009	Base	+1.85	--
WoodMackenzie	H1 2009	Base	+1.98	--
<b>CONSENSUS FORECAST</b>		<b>Excl. EU Ecological Scenarios</b>	<b>+0.99</b>	<b>+0.90</b>

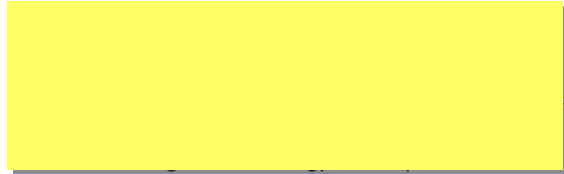
# European Gas Demand Forecasts (2)

## Gas consumption in Europe forecasts for 2020 and 2030



Combination of countries included in the forecast may vary slightly between the forecast makers.  
 EU Commission "ecological" scenarios are not used.  
 All volumes are up to the Russian gas quality standard.

## SER: Strategic Energy Review Scenario



### Policy instruments

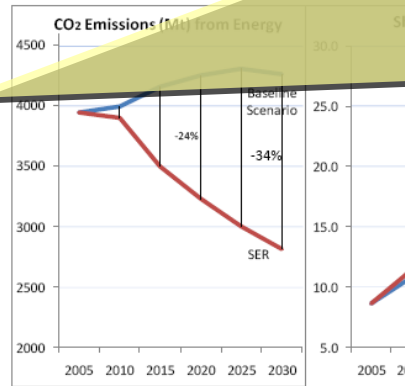
- EU ETS with full auctioning operating at the EU level for reaching 21% CO2 emission reduction in ETS sectors compared to 2005
- RES target achieved at the EU level with full trade of Guarantees of Origin
- Energy Efficiency and RES policies in the final demand sectors not belonging to the ETS (without considering carbon prices as a driver)

➤ SER scenarios are available for both moderate and high energy import prices

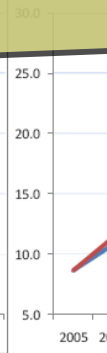
### Explanations

- The numerical value of the drivers is a result of the model, not an assumption
- The carbon values (ETS clearing prices) correspond to true costs passed through to consumer prices
- The efficiency value is the calculated marginal cost of energy efficiency in non-ETS. The underlying policies are bottom-up (standards, labeling, etc.).
- The Renewables value is the market price of the tradable GOs and also affect consumer prices if entailing additional costs from Baseline

## Targets and Instruments



Share of RES



**Designed to represent the objectives to achieve in 2020**

- 20% reduction of GHG emissions below 1990 level (with the EU, without emission reduction credits from CDM), ensuring maximum energy efficiency contribution of reaching the targets
- 20% RES in gross final energy consumption

### Drivers

Carbon value for ETS (€/ t of CO2)	41.0
Efficiency value for non ETS (€/ toe)	220
Renewables value (€/MWh)	40.75

## Use of natural gas to tackle climate change

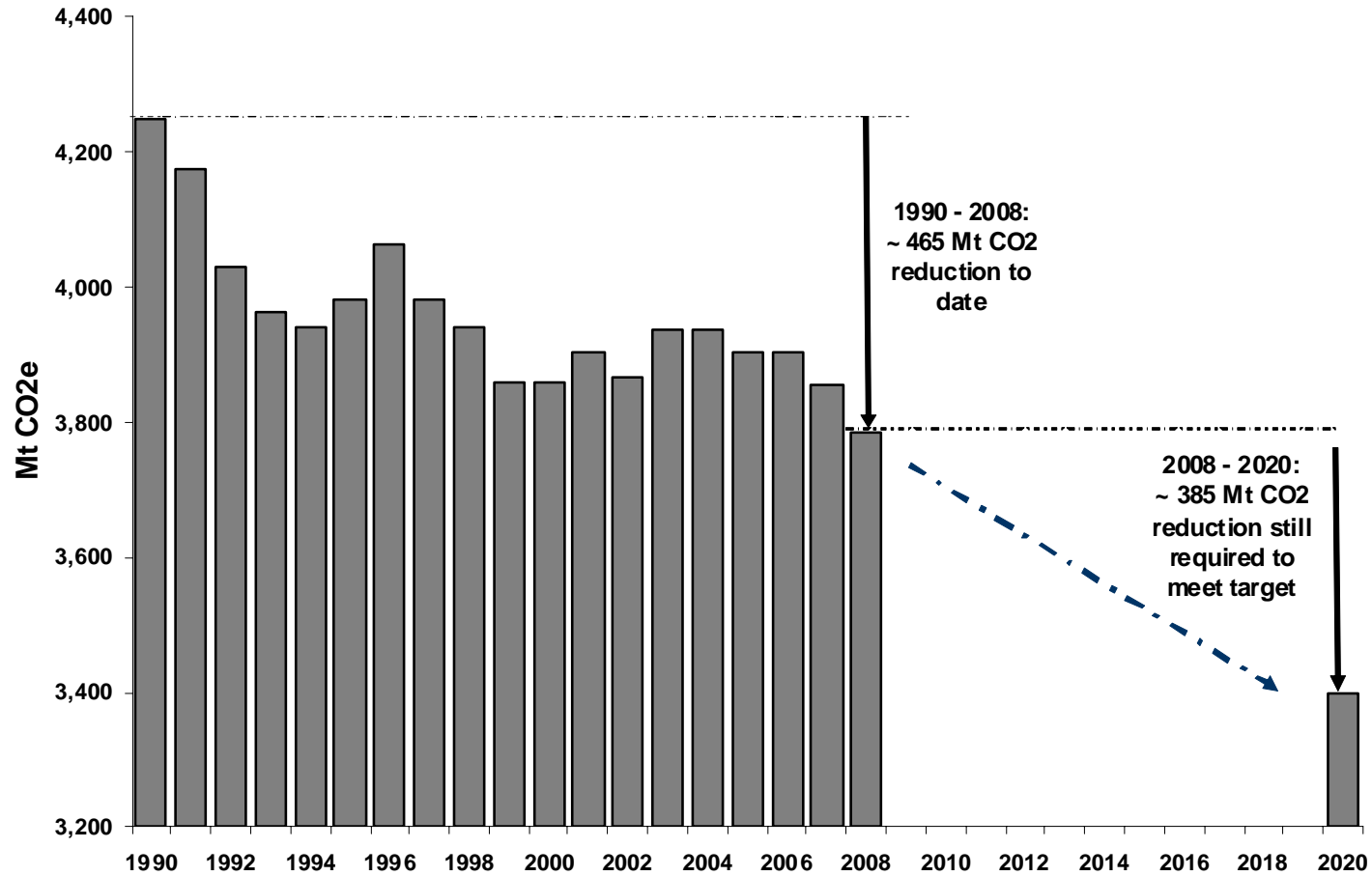
“So far, the main goal pushed forward by some politicians amount to nothing more than just a decrease in hydrocarbons consumption. Meanwhile, millions of our consumers will be at the mercy of a costly model of future energy consumption, a model that they will have to pay for”.

*Aleksey Miller, CEO of Gazprom, 24th World Gas Conference, 5-9 October 2009, Buenos Aires, Argentina.*

“In the realm of alternatives, promising too much too soon is dangerous. It risks rendering the entire global effort – both politically and economically – unsustainable. And the world can’t afford that...Gas is the fuel that offers the greatest potential to provide the largest reductions at the lowest cost – and all that by using technology that’s available today. If we get it right, gas can transform the global energy outlook.”

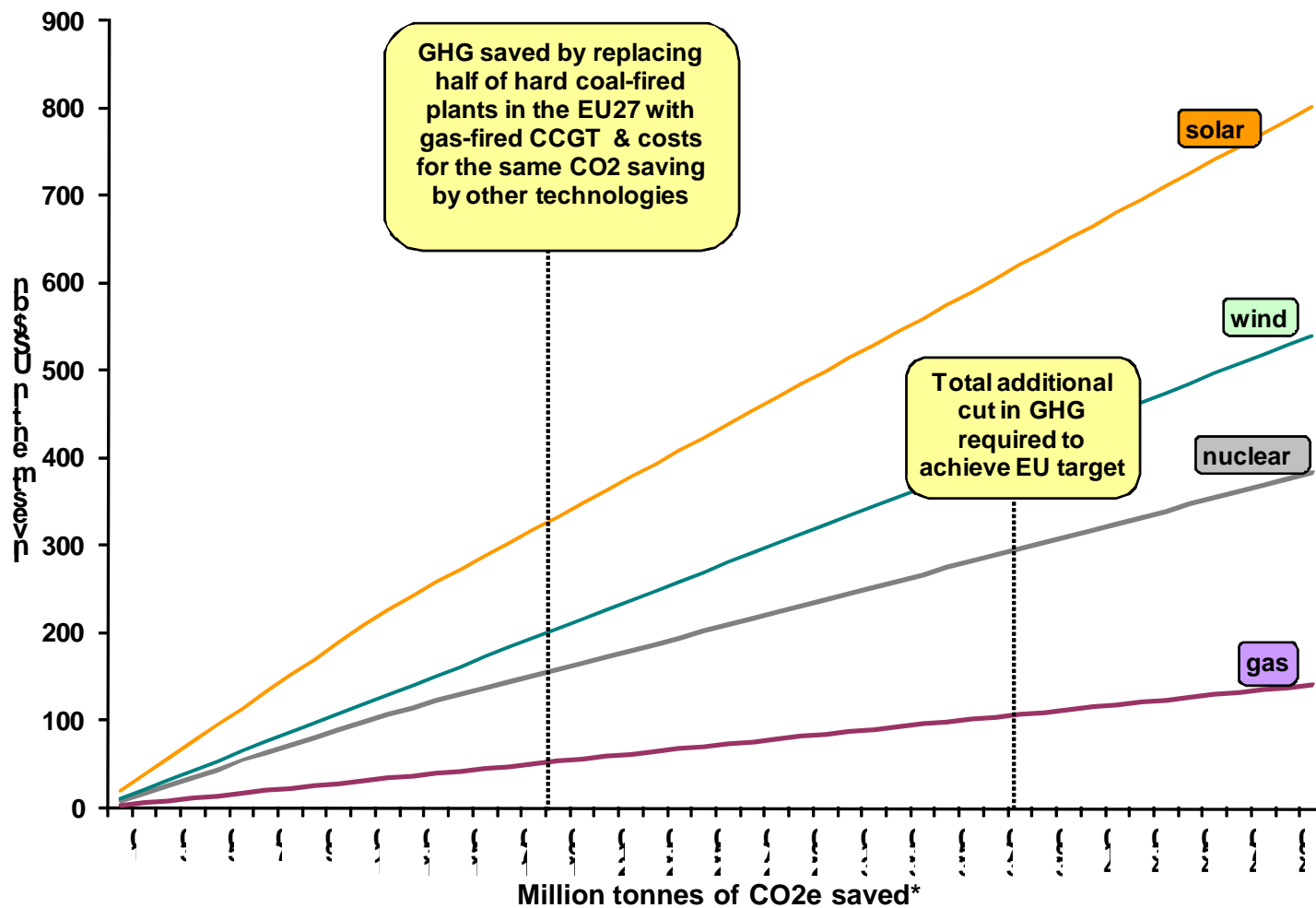
*Tony Hayward, CEO of BP, 24th World Gas Conference, 5-9 October 2009, Buenos Aires, Argentina.*

# EU27 GHG Historic Emissions and Targets

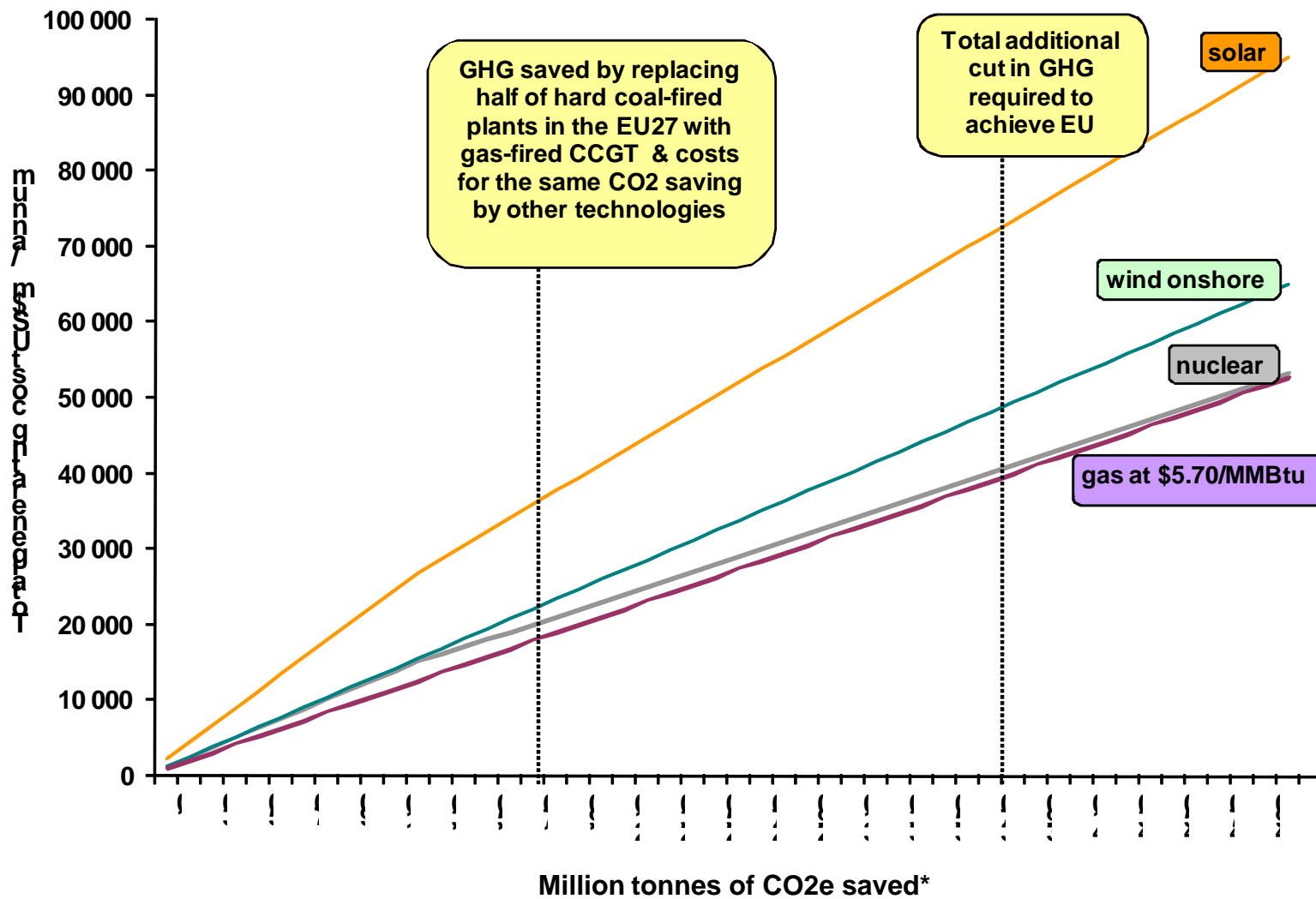




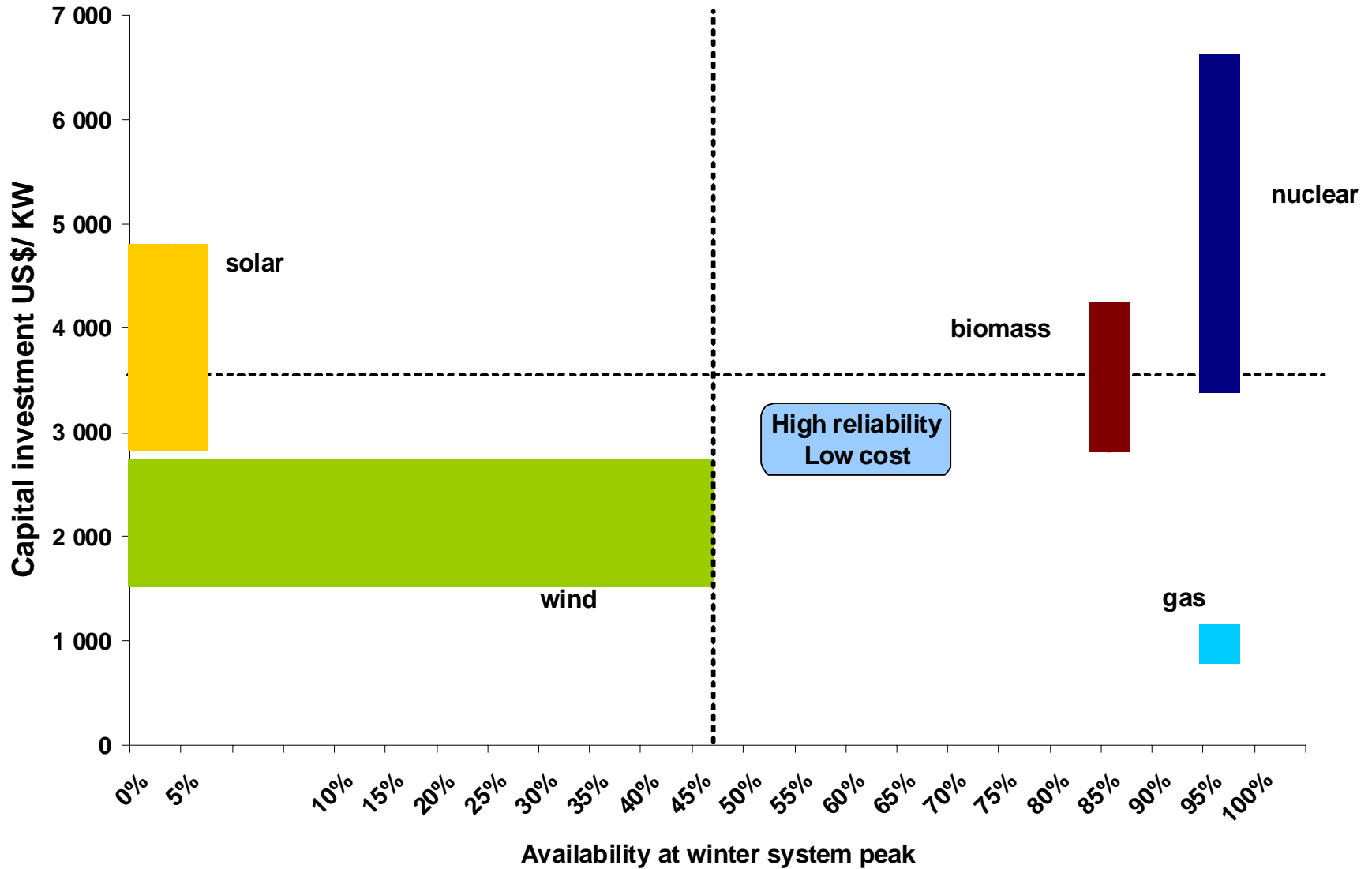
# The Investment Costs of Achieving Different Levels of GHG Reductions in Europe by Displacing Coal-Fired Power Generation



# Total Generation Costs per Annum for Different Levels of GHG Reductions



# Ranges in Capital Investment Costs and Reliability In Meeting Peak Load by Technology



## Use of natural gas to tackle climate change

- Broader use of natural gas saves the environment and saves money.
- Why this effective way of blunting climate change that could be easily replicated worldwide is being ignored by the mainstream energy advisors?
- Instead, displacement of natural gas from the EU's energy mix is already a part of the energy strategy.

- There is no real danger from so-called dependence on Russia. In reality, Europe and Russia are mutually interdependent.
- We oppose the use of political phobias to push for an unreasonable approach to energy security and environmental problems.
- As an alternative, we would propose that the EC investigate how interdependence and increased use of natural gas can contribute to peaceful, reasonable resolution of common problems.

**THANK YOU FOR YOUR ATTENTION**