

Questions to Commissioner Oettinger following ‘A Transatlantic Energy Revolution: Europe’s Energy Diversification and U.S. Unconventional Oil and Gas’ event held at CSIS on July 16, 2013.

Question 1.

Does the EU want the U.S. to lift restrictions on the export of crude oil through TTIP negotiations?

Answer:

We understand that this is a very sensitive issue within the United States. We will certainly be raising this issue in our discussions with our U.S. counterparts. In the initial position paper that we presented to the U.S. and which is now publically available¹, we clearly indicate that the elimination of export restrictions, including duties or any other measures that have a similar effect, should be ensured.

Question 2.

Does the EU want the U.S. to waive DOE export licensing requirements for LNG to non-free trade countries?

Answer:

In the initial position paper that we presented to the U.S. and which is now publically available², we clearly indicate that the elimination of export restrictions, including duties or any other measures that have a similar effect, should be ensured. We will certainly be raising this issue in our discussions with our U.S. counterparts.

Question 3.

The strategic rationale for Nabucco was to supply natural gas for Central and Eastern Europe. Many of these countries are 80, 90, or even 100 percent dependent on Russian gas imports. With Nabucco now essentially dead and TAP set to provide gas to Italy and Western European markets, what is the EU’s “plan b” to diversify CEE natural gas markets?

Answer:

The Commission welcomes the recent decision concerning TAP and considers it an important step toward the completion of the Southern Gas Corridor, which will enable significant diversification of European gas supplies and further improve Europe’s energy security. At the same time, we will continue to work with the countries holding a stake in the Southern Corridor to swiftly increase the volume of gas it supplies, thereby allowing for the opening of a second pipeline through Central Europe to Austria.

In addition, with an effective and functioning internal energy market, with the necessary infrastructure and reverse flows in place, once the gas enters the EU, it can be transported anywhere in Europe. With the full realization of the internal gas market and the construction of necessary interconnections, gas will be able to reach Member States with only one or few suppliers. Therefore, the Commission actively supports the further integration of South East European markets inter alia through the process of identifying Projects of Common Interest³.

¹ http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151624.pdf

² http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151624.pdf

³ Regulation (EU) No 347/2013 of the European Parliament and the Council of April 17, 2013 on guidelines for trans-European energy infrastructure.

Question 4.

First of all, we look forward to your visit in Moldova in August for the opening of the construction of the Iasi-Ungheni gas pipeline. You have mentioned in your presentation that the EU has set “an objective of completing the internal energy market by next year and developing interconnections so as to put an end to any isolation of Member countries from the European gas and electricity grids by 2015”.

Does it mean that by 2015, the EU gas pipeline network will be integrated to an extent that e.g. Moldova, which by that time be connected to the EU gas system via Iasi-Ungheni gas pipeline, can import gas from any EU MS? Given the fact that the first LNG export from the U.S. could start in 2016 and, as you mentioned, the EU could also potentially see U.S. LNG exports, does it mean that for instance Moldova could also import LNG beginning in 2015 from any LNG terminal in the EU via an integrated EU gas pipeline network and the Iasi-Ungheni interconnection?

Answer:

The Commission is working very closely with its Member States to reach the objective of ending the isolation of EU Member states from the European gas and electricity grids by 2015. This is being pursued via efforts to promote the construction of missing interconnections within the EU, as well as by ensuring permanent bi-directional capacity on all cross-border interconnections between Member States, removing congestion on cross-border interconnection points, and ensuring the full implementation of the Third Package. The EU is currently working on numerous technical rules - the so-called network codes - that will greatly contribute to the removal of all remaining technical and market-related barriers hindering the free flow of gas within the EU's internal gas market.

Moldova is a member of the Energy Community and is connected with the EU gas market both through direct connections to Member States (Romania) and through Energy Community Contracting Parties (Ukraine). The new interconnection will enhance Moldova's position and ability for diversification in addition to the existing connections. However, this infrastructure development should go hand in hand with the introduction of the necessary market reforms and regulatory measures, which will enable undertakings to purchase gas from different sources and to transport it via various routes.

The eventual possibility of Moldova importing LNG from the U.S. will depend on a number of factors, including the competitiveness of U.S. LNG cargos and the attractiveness of the Moldovan gas market for LNG suppliers. It will also depend on whether Moldova's gas market reform continues in line with its Energy Community commitments, thereby integrating Moldova in the European (in particular the Southeast European) energy market, and the success of EU Member States in reaching their declared objectives.