



## The Role of the Southern Gas Corridor in Strengthening Energy Cooperation to Increase Energy Security of Europe

Bratislava, 28<sup>th</sup> of May 2018

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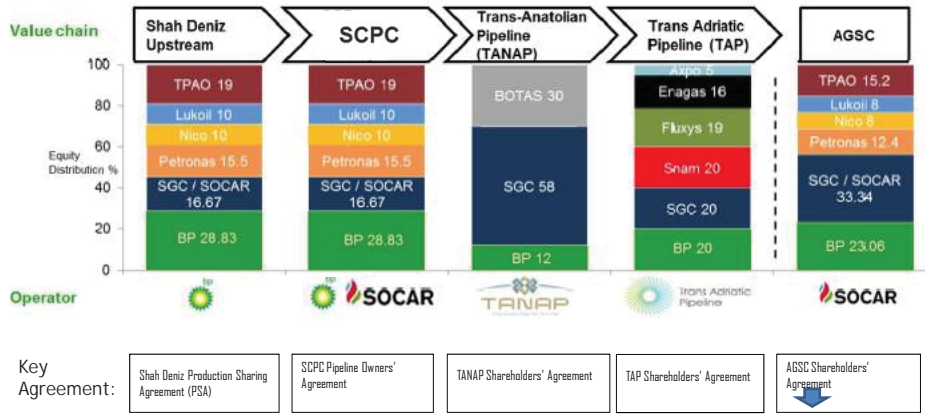
### The SGC moving ahead

- The SGC secures reliable energy supplies to the most needed and energy dependent Europe.
- The SGC will have its input in sustainability of energy consumption in Europe with providing additional volumes of gas coming from alternative sources.
- Construction stage of SCPx & TANAP finalized; TAP 85% is completed making SGC the most advanced new project.
- EU included SGC as 1 of its 4 priority gas corridors, thus recognizing it as an important component to achieve its 2020 strategy & provide new sources of gas.



Source: IHS Energy

# Equity Ownership across the Southern Gas Corridor



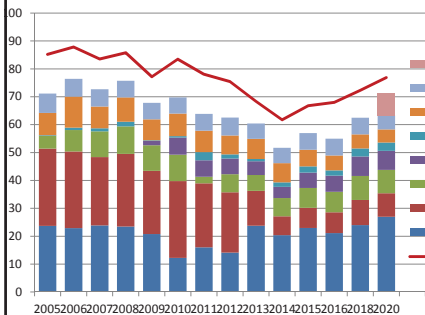
JV: Incorporated Joint Venture  
 JJV: Unincorporated Joint Venture

# The SGC can significantly affect the gas markets in Italy, Greece and Bulgaria

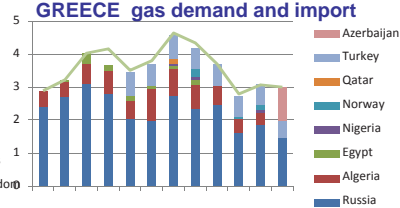


- Italy: 27% of Gazprom exported volume (29.6 bcm in 2018).
- Greece: 34% of Gazprom imported volumes (2.93 bcm in 2018; LTC expires in 2026).
- Bulgaria: 30% of imported volumes (2.9 bcm in 2018, LTC with Gazprom expires in 2022).

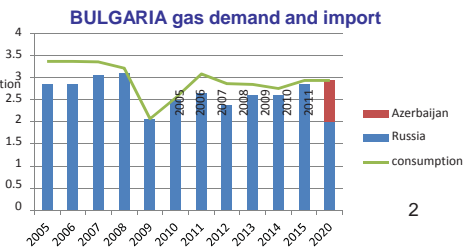
ITALY gas demand and import



GREECE gas demand and import



BULGARIA gas demand and import

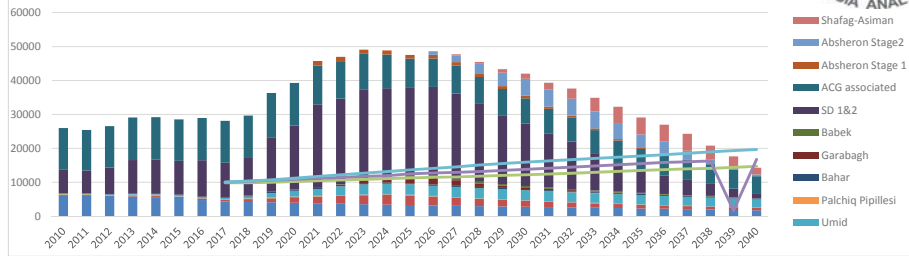


Source: Author, Cedigaz, Snam Rete

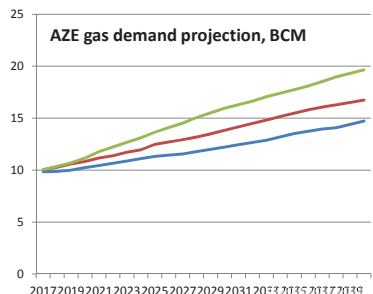
## AZE domestic market



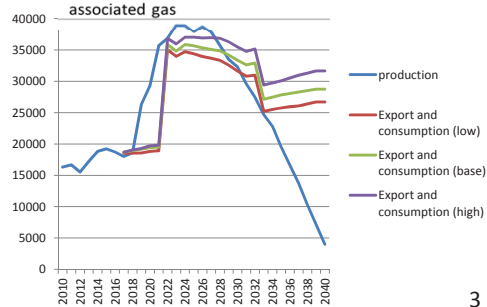
Azerbaijan gas production & demand projection MCM



AZE gas demand projection, BCM



Gas supply surplus & shortage, excluding ACG associated gas



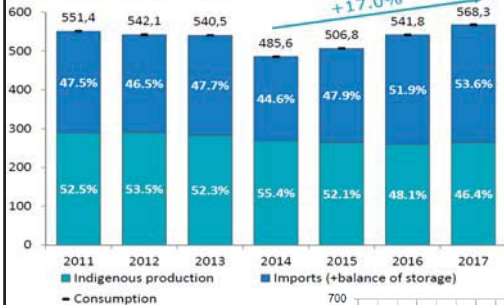
Source: SOCAR, author

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## The EU market: gas from new sources is needed to substitute demand growth, production loss and phased out LTCs

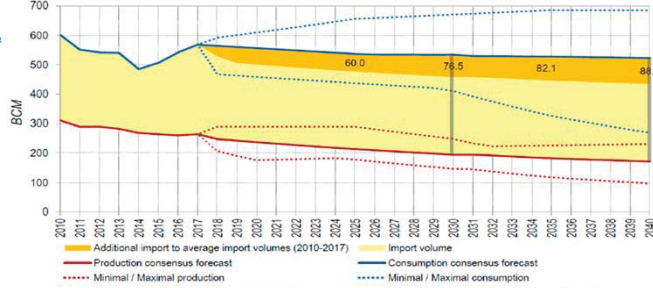


European Gas Balance, bcm\*



- Gas demand recovered above 2011 level due to: a) increased share of gas in power generation; b) gas to coal switch in electricity production; and c) Economic growth in leading European gas markets.
- According to consensus forecast, additional imports of the EU will amount to **77bcm in 2030 and 88 bcm in 2040**.
- Declining domestic production and failure of "LNG wave" to materialise on tight Asian demand leaves supply shortfall.

Source: IEA, Eurostat, National Statistics, IHS Markit  
\* Hereinafter except as otherwise noted: European gas (excluding CIS and Baltics)



Natural gas European demand and production gap is calculated as the difference between the demand consensus forecast and the production consensus forecast. For the purpose of comparison all forecasts and scenarios are restated on annual basis. Source: Gazprom Export

## Conclusion

Energy security has the price...The EU also has to pay with strong political support of the project and solving landfall issues in Italy to receive the gas in a timely manner.



*"We are creating a new and serious partnership in the Eurasian region. It is both political and economic effect will be enormous."*

*"SGC is not only a pipeline, it is a serious political initiative",*  
President Ilham Aliyev

# THANK YOU!

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