

Russian Gas Pipeline Projects: Impact on the Balkans

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Balkan Energy Battlegrounds: Gas Pipelines and Geopolitics

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The Big Plan of Gazprom and Its Partners



- Elimination of Ukrainian transit followed by physical liquidation of Russian pipelines delivering gas to the Ukrainian border.
- EUGAL+OPAL= 90 bcma.
- TurkStream = 31.5 bcma.
- In 2019, Gazprom shipped via Ukraine to Europe 87 bcm plus 3 bcm to Moldova.
- The \$100+ Billion plan does not assume sales of additional volumes.

"Optimization" Program

Postponed by delays and the US sanctions on Nord Stream 2

-130 bcma

<https://www.gazprom.com/press/news/miller-journal/2016/277026/>

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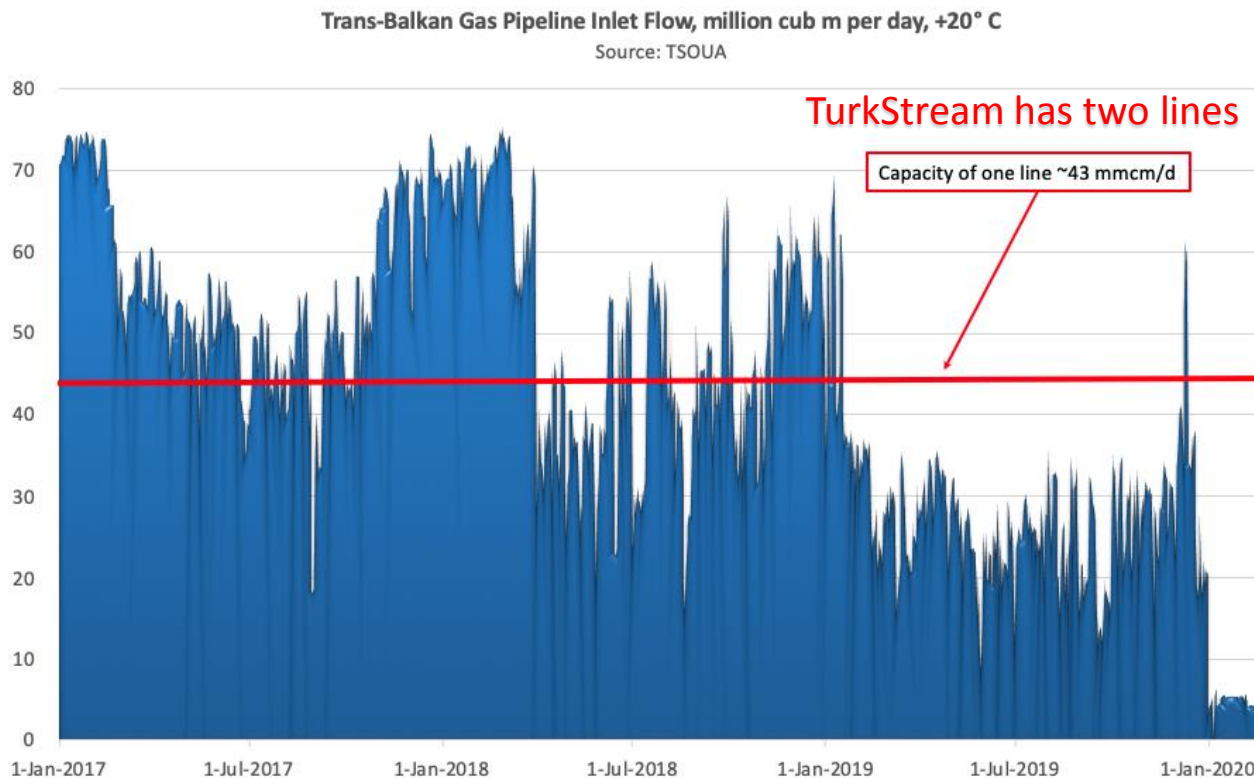
TurkStream Replacing TBGP

- At the initial stage, TurkStream is supposed to replace the Trans-Balkan Gas Pipeline that delivered gas to:
- Romania,
- Bulgaria,
- Turkey,
- Greece,
- North Macedonia.
- In 2003, Gazprom's joint venture increased the inlet capacity of TGBP.



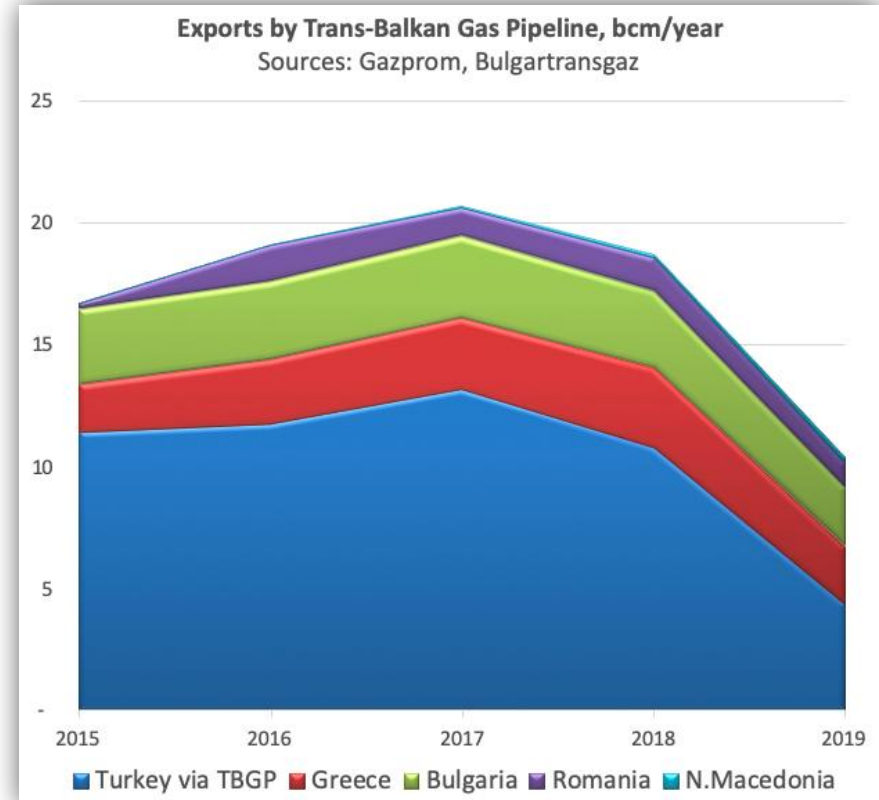
TBGP Inlet Flow 2017-2020

TurkStream has a huge excessive capacity



Markets Supplied by TGBP, 2015-2019

- Turkey is using less gas for power generation (more hydro).
 - Akkuyu Nuclear Power Plant will further reduce gas use.
- Turkey imports more gas from Azerbaijan and LNG.
- Gas-to-gas competition has finally come to the Balkans.
 - LNG and TANAP.
 - No future growth for Gazprom.
- No additional markets unless new links are built.

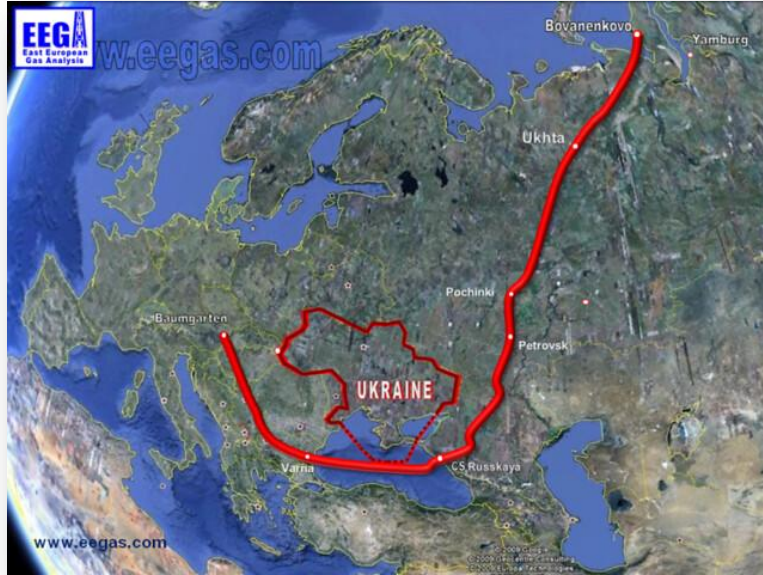


TurkStream to Compete with NS2

90 bcm capacity of OPAL and EUGAL to deliver gas from Nord Stream 2



TurkStream Propaganda



- Propaganda has never been a strong side of TurkStream.
 - Public support was not needed in Turkey, Bulgaria or Hungary – bilateral talks of Putin with states' leaders were enough.
 - Unlike with NS2, there were no lies about additional gas – it was strictly about bypassing Ukraine.
 - TS has never been called the shortest nor the cheapest route.
 - "Gazprom has always stated – and it has been our principled stand – that the best option is to deliver gas via the Black Sea to Baumgarten". [A.Miller](#)

“The way of fools seems right to them”.
Proverbs 12:15

The Best Option for Contractors of Gazprom

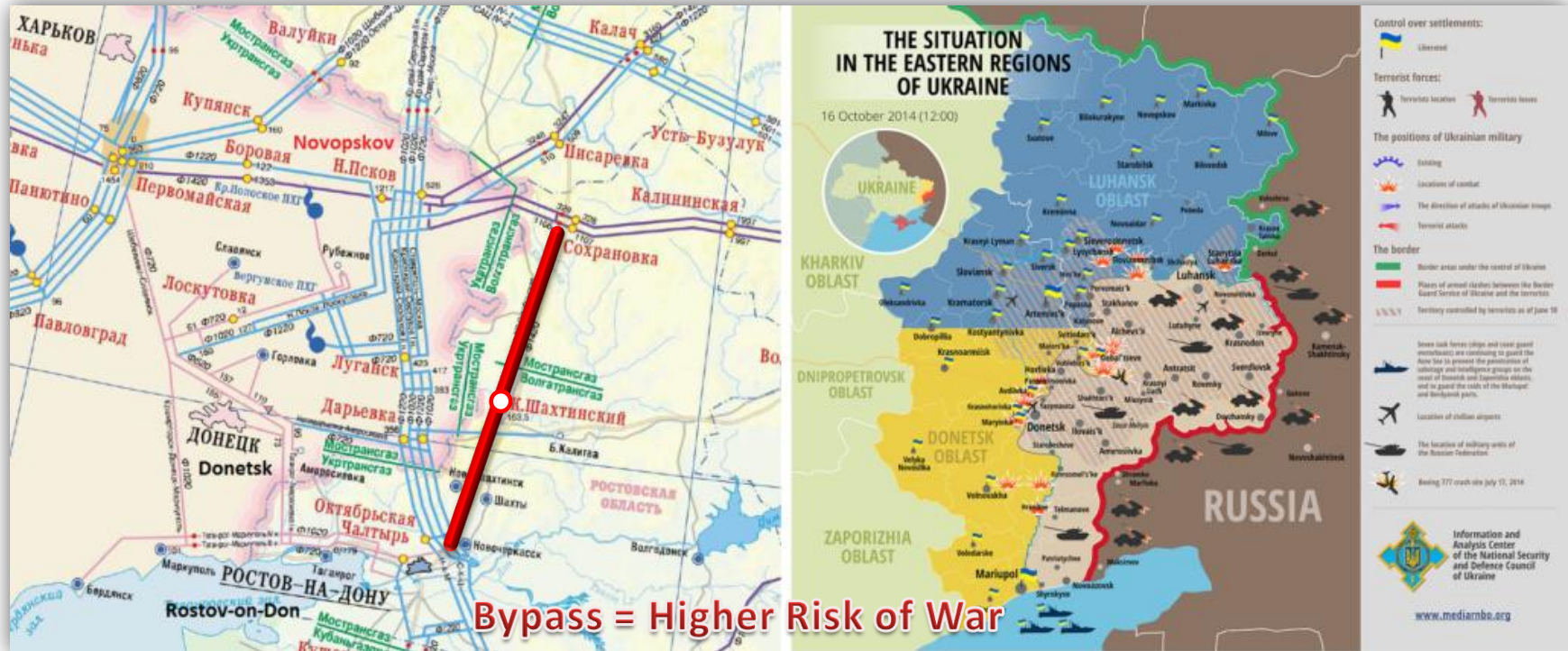
- Officially reported costs of 1 km of feeding pipelines in Southern Russia are 3 times higher than at similar projects in Germany and Czech Republic.
- After completion of all major projects, Gazprom bought back pipeline construction business from A.Rotenberg.
- Contractors are the only beneficiaries of the value destructive projects of Gazprom.
- In mid-term, TS affects only Gazprom.
- The \$30-Bn project results in adding new ship-or-pay transit costs in Turkey and new depreciation & operating expenses in Russia.
 - Ukraine, Romania, Bulgaria have ship-or-pay contracts.



“Yes, these people are my friends and I’m proud to have such friends. They are true patriots and their business is oriented towards Russia.”

[V. Putin](#) on Messrs A.Rotenberg & G.Timchenko.

History of Pipelines Bypassing Ukraine



- In 2007, Gazprom built a bypass to supply gas to S. Russia and to save \$40 mill/year of transit fees.
- Operating costs at the new pipeline and compressor station were much higher than \$40 mill.
- Artillery and small arms were never engaged closer than 50 miles from the operating pipelines.
- **With Rostov-on-Don voters still getting gas via Ukraine, the war might have never happened.**