

Romania's role in the European gas market. Which projects matter and why

ETCSEE, 15 JUNE 2016, BUCHAREST

Anca Elena Mihalache
Analyst, Energy Policy Group

Projects to follow

The Energy Strategy – announced deadline: 15 September 2016

The RO-BG Interconnector – announced deadline: second-half of 2016/end-2016

The households market liberalization process – announced deadline: 1 January 2018, but possibly as early as this year

Construction of the BRUA corridor – estimated deadline: 2020

Black Sea offshore production – estimated deadline: 2020

Energy Strategy 2016-2030, outlook 2050

What to expect

Finalization by deadline / end of government's mandate at the very latest (Nov/Dec).

Comprehensive, high quality document

What not to expect

Prescriptive, hard line approach nominating actual projects to be undertaken

100% acceptance of the document from all actors, even if all were involved in consultations

Importance

Show Romania's compliance with the Energy Union's prescriptions

Objective outlook for investors on what the Romanian market will and will not provide

Unknowns

Long-term implementation

Bulgaria – Romania (Giurgiu – Ruse) Interconnector

What to expect

Finalization by end-year, beginning of 2017 at the latest

- DG Competition probe on natural gas exports
- Earlier pressure: infringement since July 2014 for setting barriers to gas exports
- Will be integrated with BRUA

What not to expect / Unknowns

Significant impact in Romania or the region

- Small capacity interconnector (1.5 bcm/y to RO; 0.5 bcm/y to BG)
- Impact depends on the implementation of larger projects: Southern Gas Corridor, BRUA and offshore production
- Will not be readily operational due to pressure issues on the Romanian side

Importance

Slightly increased regional energy security: help implementation of the EC's Energy Security Package

Gas market liberalization

What to expect / Unknowns

Debate in the next months over early adoption. Watch

- Variations in international O&G prices
- Winners and losers of early price de-regulation
- Expected politicization of the topic

Adoption of long overdue legislation on vulnerable consumer

What not to expect

Significant changes in the market: customer base and price expected to vary little

Importance

Direct impact on customers, companies and the state budget

Bulgaria-Romania-Hungary- Austria Corridor

What to expect

EU financing to the tune of €180m (PCI)

Actual construction

In-line with the Energy Union approach

What not to expect / Importance

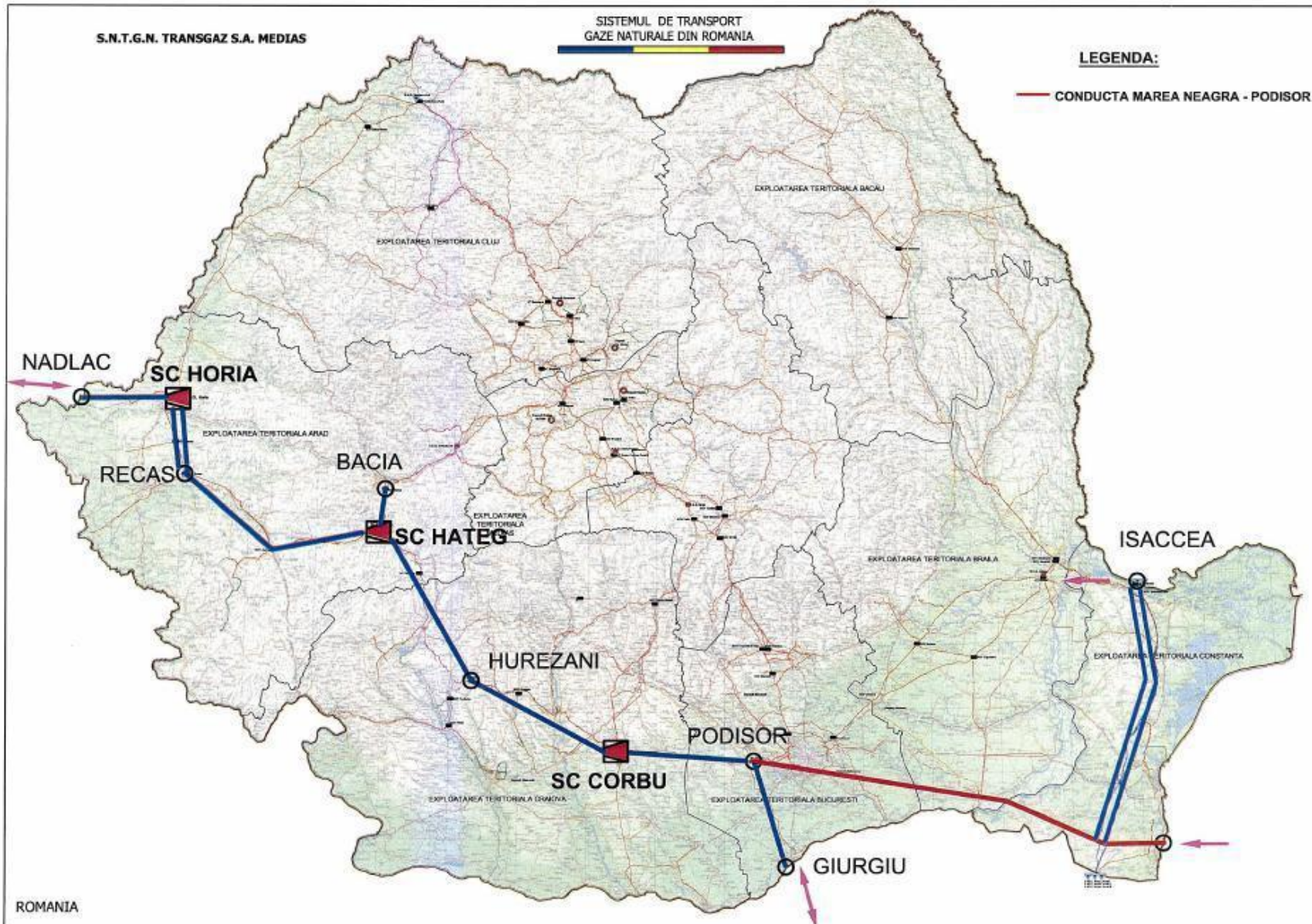
BRUA will have regional impact, but not a life-changing one

Unknowns

The actual finalization date may vary

LEGENDA:

— CONDUCTA MAREA NEAGRA - PODISOR



Black Sea Offshore

What to expect

FID in around two years from now

What not to expect

A smooth ride ahead: taxation + oil price volatility + gas market restrictions + technical difficulties in the Black Sea (high investment risk)

Importance

Romania – regional supplier

Unknowns

Companies' remaining appetite for investment in the current environment

Pipeline: who will build it and when

Thank you!

ANCA.MIHALACHE@ENPG.RO