EUROPEAN ENERGY FORUM
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Information Bulletin

Editorial

Where does Russia's hydrocarbon industry stand: gas and oil?

For most Europeans, when it comes to energy matters, Russia means natural gas. It has a quarter of the world's reserves of conventional gas and Gazprom, its national company, supplies EU consumers with 40% of their imports. If Ukraine is taken into account, this increases significantly.

A crisis between Russia and Ukraine six years ago (in January 2006) interrupted gas imports to European countries - thankfully for only a few days. Under pressure from the EU, the countries then took measures to ensure that future crises would not interrupt supplies. The crisis of January 2009 had no significant impact.

The price of conventional Russian gas is indexed on the price of oil, which increases continuously. As a result, Gazprom has seen its financial resources increase vastly and the management of the company has become ineffective, even unhealthy. President Putin has spoken of corruption!

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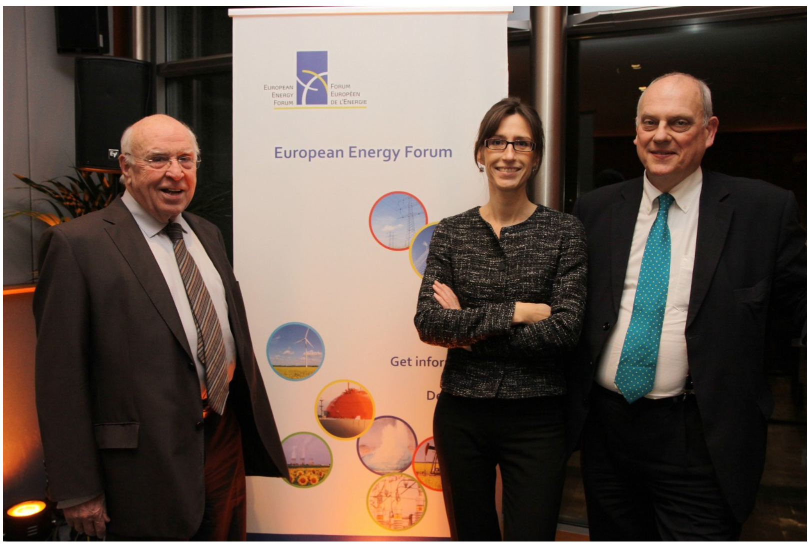
Upcoming events

19/02/2013	Dinner-debate Brussels ***An evening discussion with Commissioner Oettinger*** At the invitation of the EEF
12/03/2013	Dinner-debate Strasbourg ***Smart Grid challenges and electricity distributers' responsibilities*** At the invitation of ERDF and EDSO4SG
13/03/2013	Board meeting Strasbourg ***President, Treasurer and Vice-Presidents and Directors of the EEF attend***
26/03/2013	ITAC meeting Brussels ***Board & Associate Members of the EEF attend***
23/04/2013	Dinner-debate Brussels ***Air quality in Europe: the future is electric*** At the invitation of Eurelectric
01-03/05/2013	***Fact-finding mission to Singapore and Malaysia in the framework of the biofuels discussions*** At the invitation of Neste Oil



EEF events

Gas and renewables: Friends or Foes?

15/01/2013: Dinner-debate in Strasbourg

At the invitation of Eurogas

Beate Raabe, Secretary General of **EUROGAS** and **Johannes Meier**, **CEO of the European Climate Foundation**, offered two opposite visions of the issue to open an interesting debate. It was a unique opportunity for discussion about the current situation of the gas market in Europe, the challenges that the sector faces to comply with EU energy policies and the complementarities about gas and renewables.

"Attention to gas is growing. Awareness is increasing that greater use of gas instead of higher carbon fuels is a prime measure towards 2030 and beyond. The realisation that costs can be reduced or spread out is widening, technical obstacles can be overcome, and public acceptance can be won if we move more gradually and more flexibly towards a low carbon economy. A more gradual and more flexible approach does not mean that we have to give up our vision." **Beate Raabe, Secretary General of EUROGAS.**

The role of biofuels in European energy and transport policy

22/01/2013: Dinner-debate in Brussels

At the invitation of Neste Oil

The Commission recently published its proposal for major changes in the EU's biofuels legislation, with great global impacts on the production and consumption of biofuels. The proposal aims to limit the global land conversion for biofuels' production and increase the climate benefits of biofuels used in the EU. The development of biofuels has lately created heated political discussions notably regarding food versus fuel as well as environmental impacts, particularly the indirect effects of land use. This debate was timely since renewables and biofuels in particular will thus high on EU Agenda throughout 2013.

"Current biofuel legislation requires development in order to enhance market uptake of advanced biofuels while maintaining positive impact on global agriculture." **Matti Lievonen, CEO of Neste Oil.**

EEF events

Reception on the occasion of the change of EEF Director General

29/01/2013

At the invitation of the EEF

MEPs, Associate Members and representatives of EU institutions attended the reception in the European Parliament and showed their support to the European Energy Forum for its important role in the promotion of discussions and debates within the energy sector.

After opening remarks from **Giles Chichester**, President of the EEF, Mr **Dominique Ristori, Director General of the Joint Research Center**, stressed the importance of continuity in EEF's work and recalled the importance of maintaining a dialogue among EU institutions and representatives of the energy sector.

Beate Raabe, made an intervention as representative of one of EEF's Associate Members. She highlighted some of EEF's core values, neutrality and coherence; No form of energy or technology has ever been advantaged over another and the certainty of equal treatment and the freedom to express one's opinion has turned the members and associate members of the EEF into a community based on trust.

Pascale Verheust, Director General, expressed her thanks to M. Charrault as well as to the Active and Associate Members of the EEF for their continued support.

A last contribution was given by Dr. **Rolf Linkohr, former MEP and President of the EEF**. He encouraged Associate Members of the EEF to continue addressing topics from a general perspective and avoid restrictive points of view in order to maintain the openness of the debates.

Associate Members Events

Eurelectric

12/02/2013 Workshop "Green Light for RES? Innovative Solutions to switch off the Red Light on the European Distribution Grid" organised by EURELECTRIC in Brussels

Friends of the Supergrid

19/03/2013 Supergrid 2013: No Transition without Transmission

Cogen Europe

18/04/2013 Cogen Europe Annual Conference and 20th anniversary

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Concurrently with this development, and in sharp contrast, the United States has been moving into shale gas production. It has brushed aside severe criticism from certain Europeans about the impact of the production method used for this new gas which they believe to be environmentally disastrous.

The quantities that will be brought to the world gas market are such that the market will be completely altered. The impact will be even more significant given that prices will be much lower and that the United States stands to gain an economic advantage, particularly in the chemical industry.

To counteract Gazprom's shortcomings, Russia decided to call on Western companies to operate new gas deposits including shale gas deposits!

In the United States, the development of this new type of gas has led to the development of shale oil which will have an impact on all aspects of oil geopolitics.

The evolution of the Russian petroleum industry is no less significant in light of these changes.

The Russian oil giant Rosneft enables the State to control about 50% of national petroleum resources. Following its purchase of the joint TNK-BP venture, which has considerable technology and management know-how, Rosneft is now the largest crude oil producing company in the world outside of OPEC. It is even larger than Exxon Mobil.

Although the subject of Russian hydrocarbons raises the issue of gas first, it should be remembered that oil revenues for the Russian State - the Russian Federation - are eight times greater than those from gas!

Jean-Claude Charrault
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