GAS SECURITY IN THE MAKING – CASE OF POLAND

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GAS SECURITY IN THE MAKING

- Poland: challenges and actions
- Shale gas
- Change at the Polish-German border?

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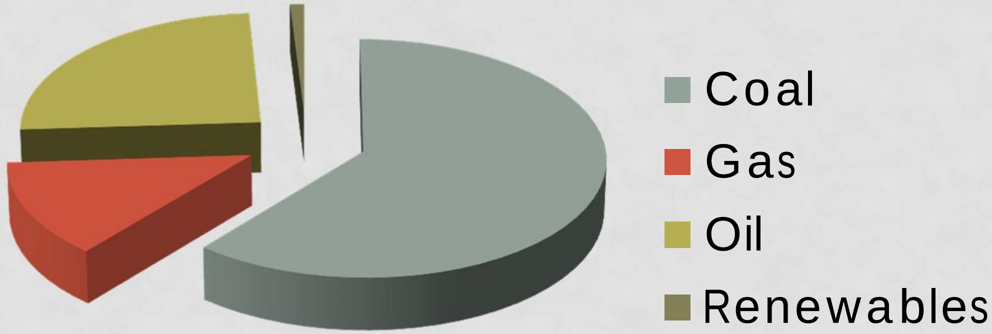
GAS DEMAND

- Gas in Poland
  - 13% energy mix;
  - 14 bcm/year;
  - domestic prod. 4 bcm/year [next 25 years]
  - 73% of import dependence



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CHALLENGES

- Demand
- Import
- Market
- Infrastructure
- Environment

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GAS IMPORT DEPENDENCE

- 10 bcm and 73% of annual consumption
  - over 60% from Russia
  - 7% from Germany
  - the rest from Central Asia (via Russia, by RosUkrEnergo)

- Long-term contract with Gazprom
  - up to12 bcm until 2022
  - transit until 2019

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MARKET STRUCTURE

- Ownership:
  - natural resources - state
  - almost whole transmission and storage facilities, majority of production - PGNiG
  - OGP Gaz-System (Polish TSO; transmission service and lease).

- Gas transit
  - Via Yamal-Europe of capacity 33 bcm (PGNiG 48%, Gazprom 48%, Gas-Trading 4%); in 2010 the contract prolonged to 2019.

ONGOING PROJECTS

- LNG terminal
- Interconnectors
- Storage
- Production
- EU legislation
- Exploration for shale gas

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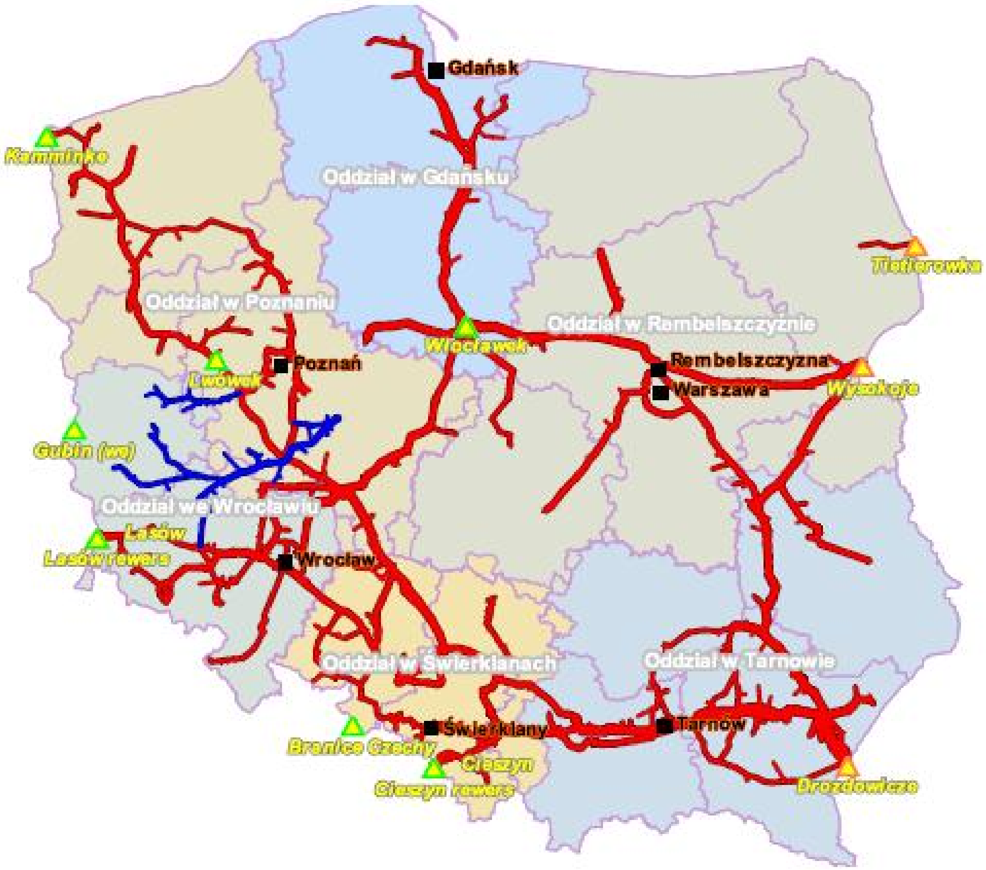
TRANSMISSION

Transmission system map - GAZ-SYSTEM S.A.



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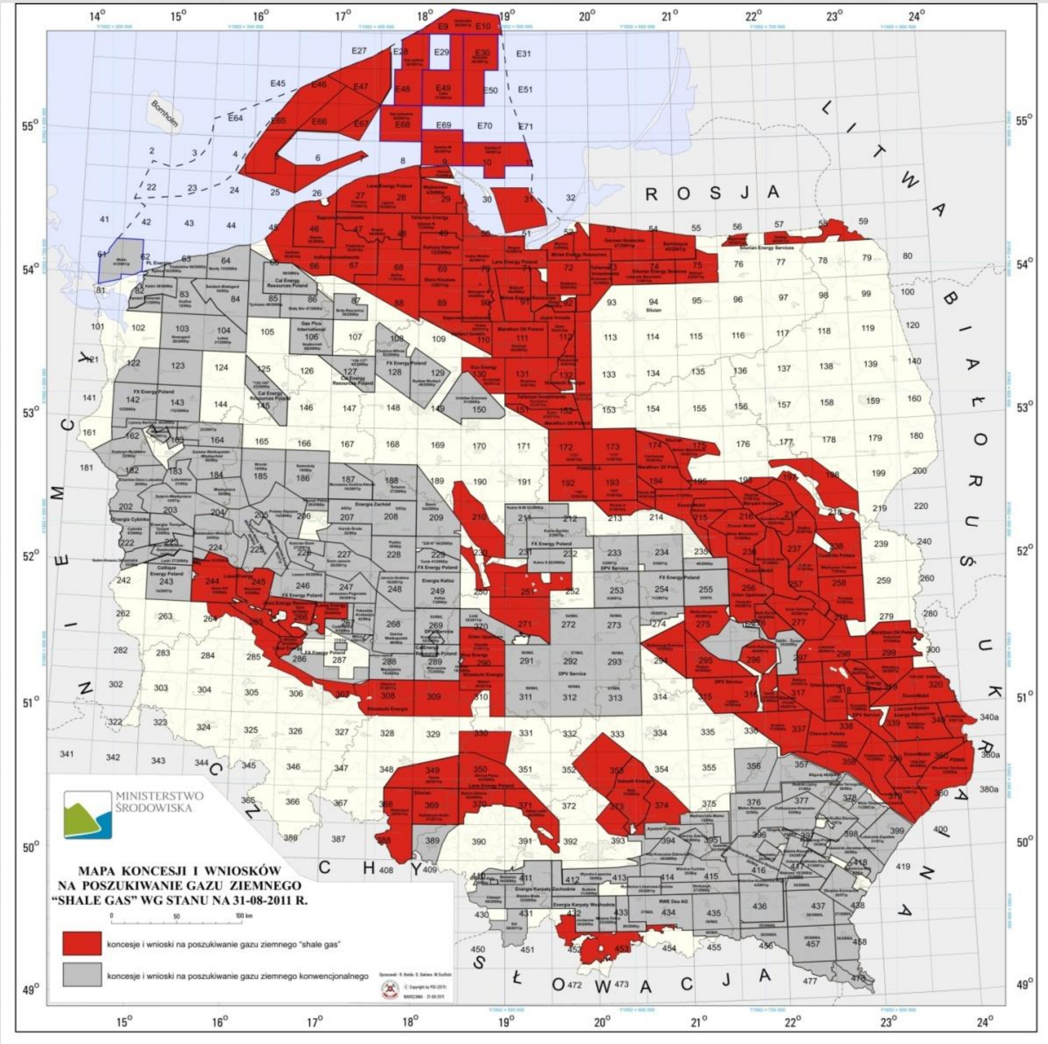
LICENCES



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STATE OF AFFAIRS

Exploration stage

Political consent

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LEGISLATIVE CONDITIONS

Licence for exploration

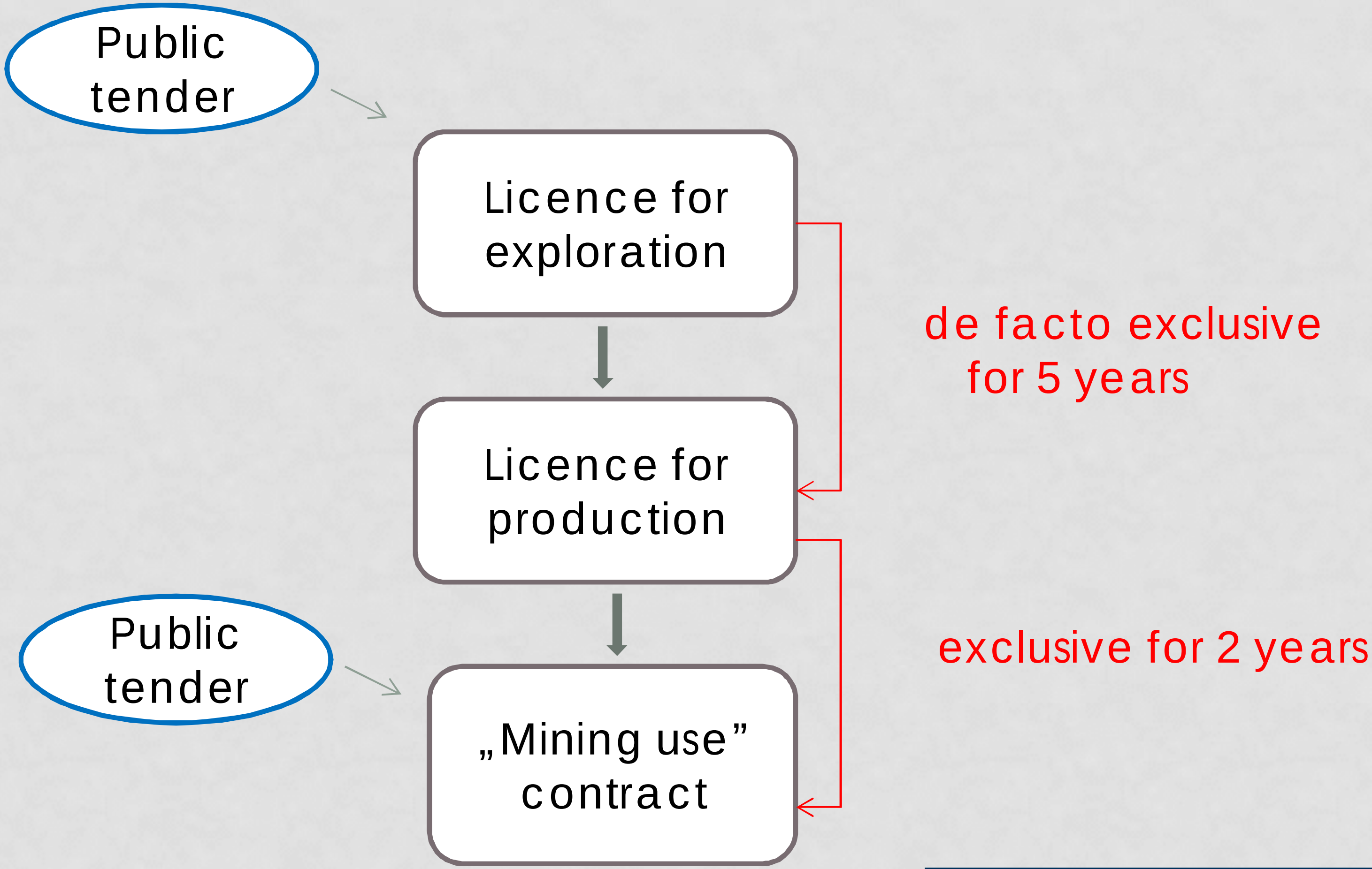
↓

Licence for production

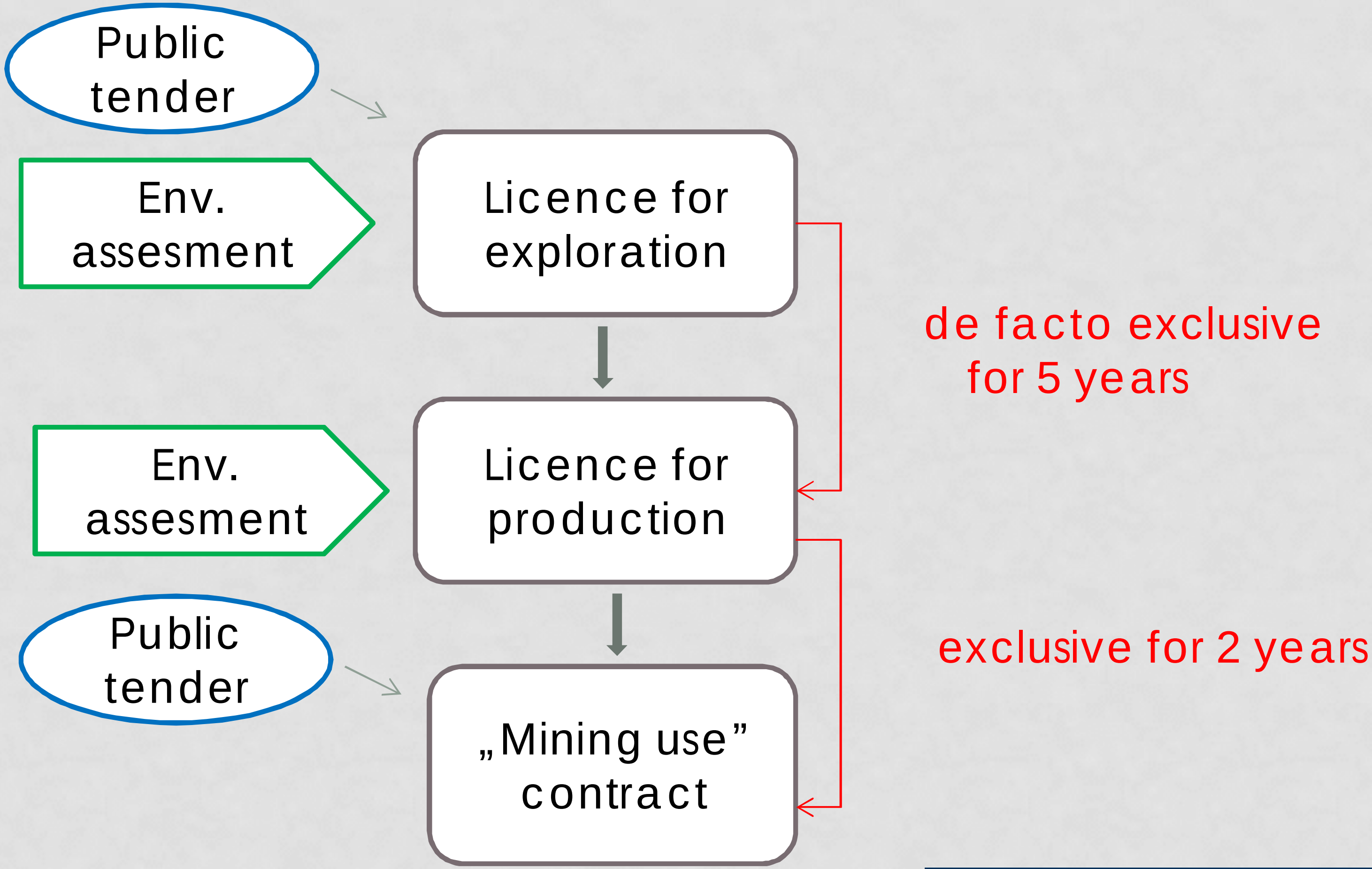
↓

„Mining use" contract

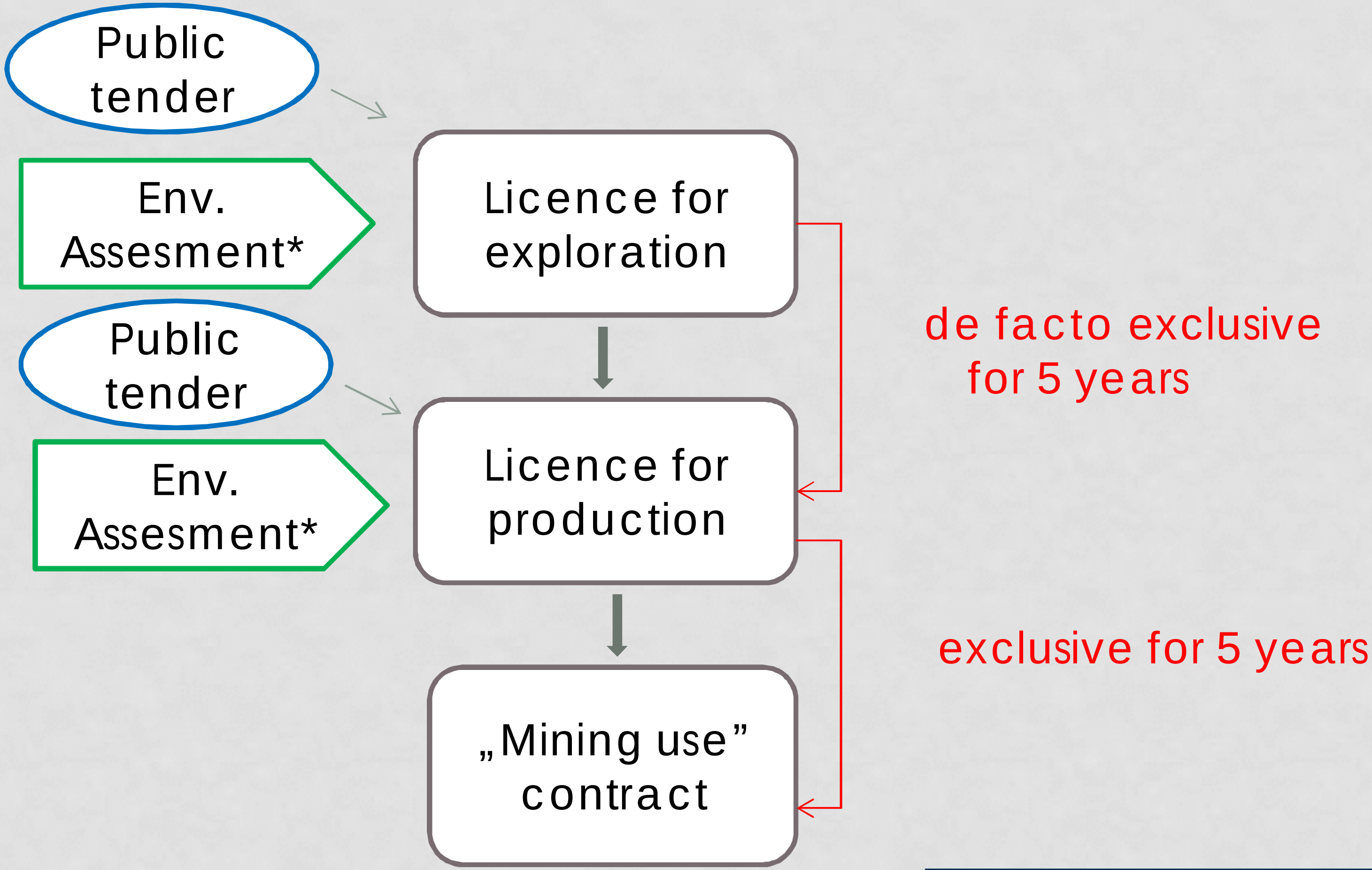
LEGISLATIVE CONDITIONS



LEGISLATIVE CONDITIONS



LEGISLATIVE CONDITIONS FROM 2012



ECONOMIC CONDITIONS

Plans:

- PM expose of November 2011 – increased levy on exploration of natural resources, including shale gas;
- Maximum drillings of the companies where state is the national shareholder

Pre-election: „Norwegian model"?

- A state-owned company for E&P?
- Fund for the revenues, for the future generations?

PISM REPORT "PATH TO PROSPERITY OR ROAD TO RUIN? SHALE GAS UNDER POLITICAL SCRUTINY"

- The reasons behind the stark polarization of the European debate about shale gas.
- Supporters : an opportunity to significantly alter the political and economic rules affecting Europe's energy security.
- Critics : a threat to the environment, a challenge to the existing strategies of limiting the green-house gas emissions, or a competition to the well-entrenched economic interests.
- Analysis of the debates in the select European countries and in the activities of the EU institutions (the EU Council, the Commission, the European Parliament), highlighting the significance of the North American experience with shale gas E&P as a crucial determinant of the European debate.

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GAS RELATIONS ON POLISH-GERMAN BORDER

- Vital issues:
  - LNG terminal;
  - North-South axis infrastructure;
  - increasing the capacity of interconnectors (Lasów, Morawia);
  - market liberalisation;
  - transit and pricing of gas.

- Shale gas in a longer time perspective:
  - Dependent on the scale of the production, pricing of gas, infrastructure, environmental and social conditions.

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