



Gas markets as a globalizing system

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Aad Correljé

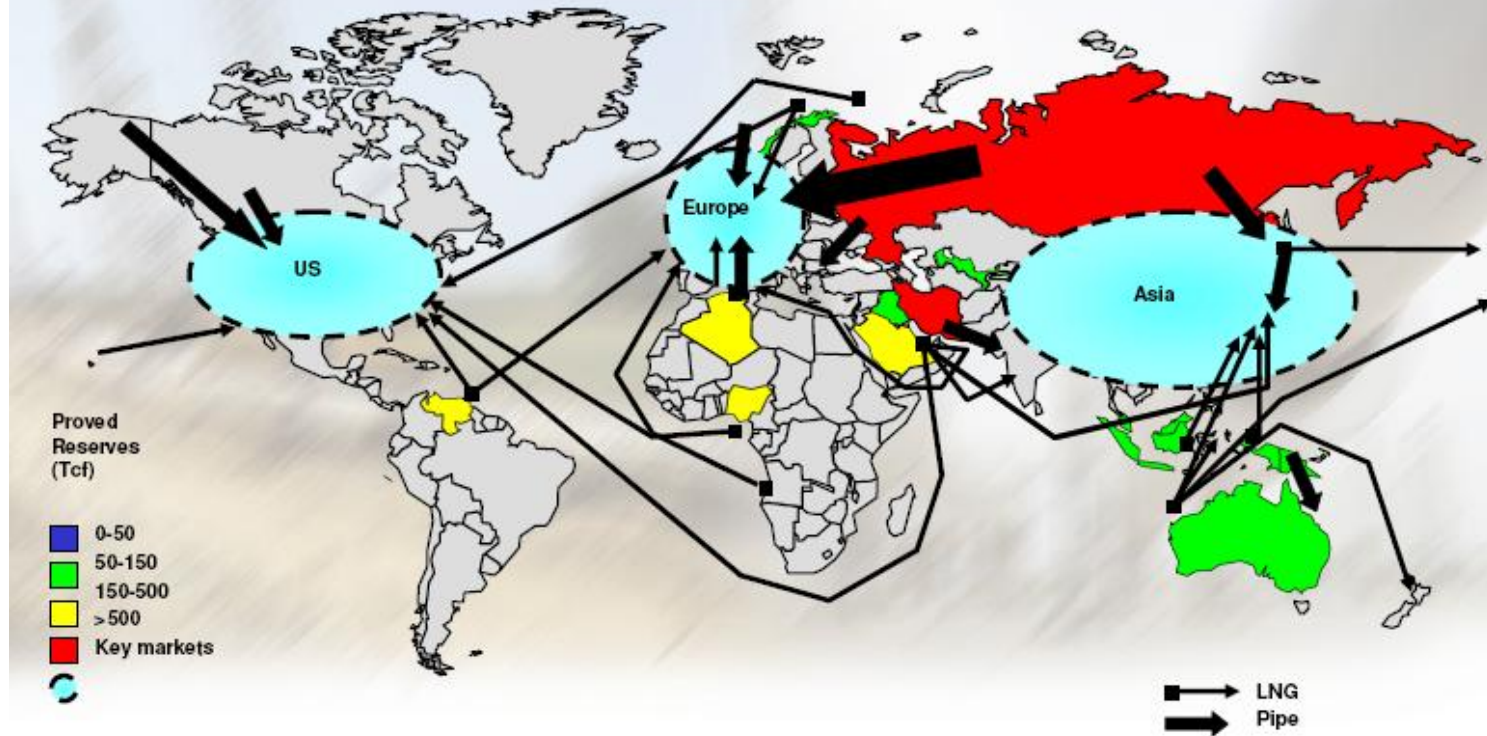
# New Gas supplies: Investments & Timing??

- What will bring the new supplies to market and when
  - Security of supply for EU
  - Security of demand for suppliers
  - Available capital
  - Pace and mode of liberalisation
  - Geopolitical and other risks

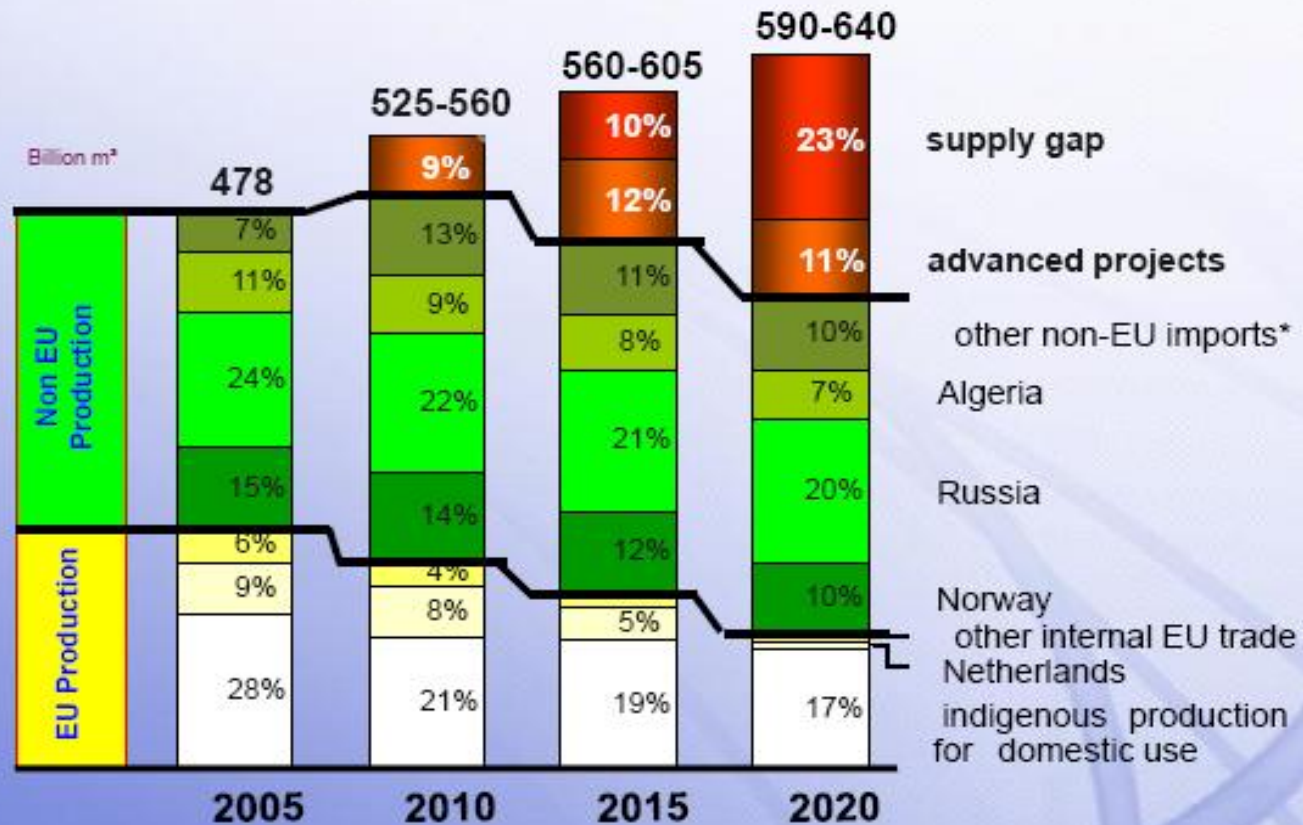
# Gas markets as a globalizing system

- Transit issues become important
- Value chains stretches out over several (different) jurisdictions
- Systems of governance stem from different institutional traditions
- Variation in maturity and spatial characteristics of systems
- Divergent interests between suppliers and consumers

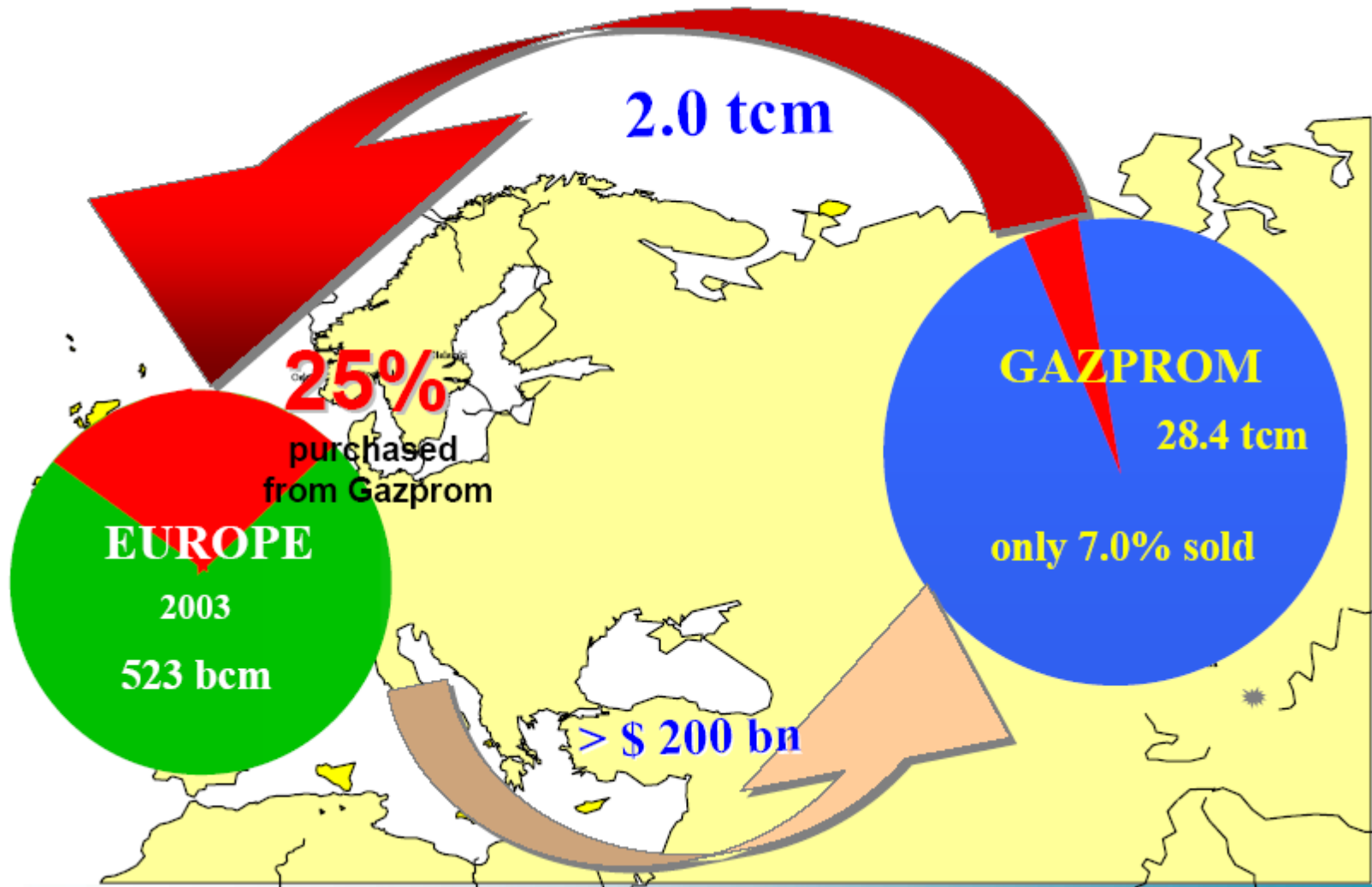
A complex global gas trade dynamic is emerging as the market becomes increasingly interconnected



# Import dependency of EU Gas Market



# EU and Russia

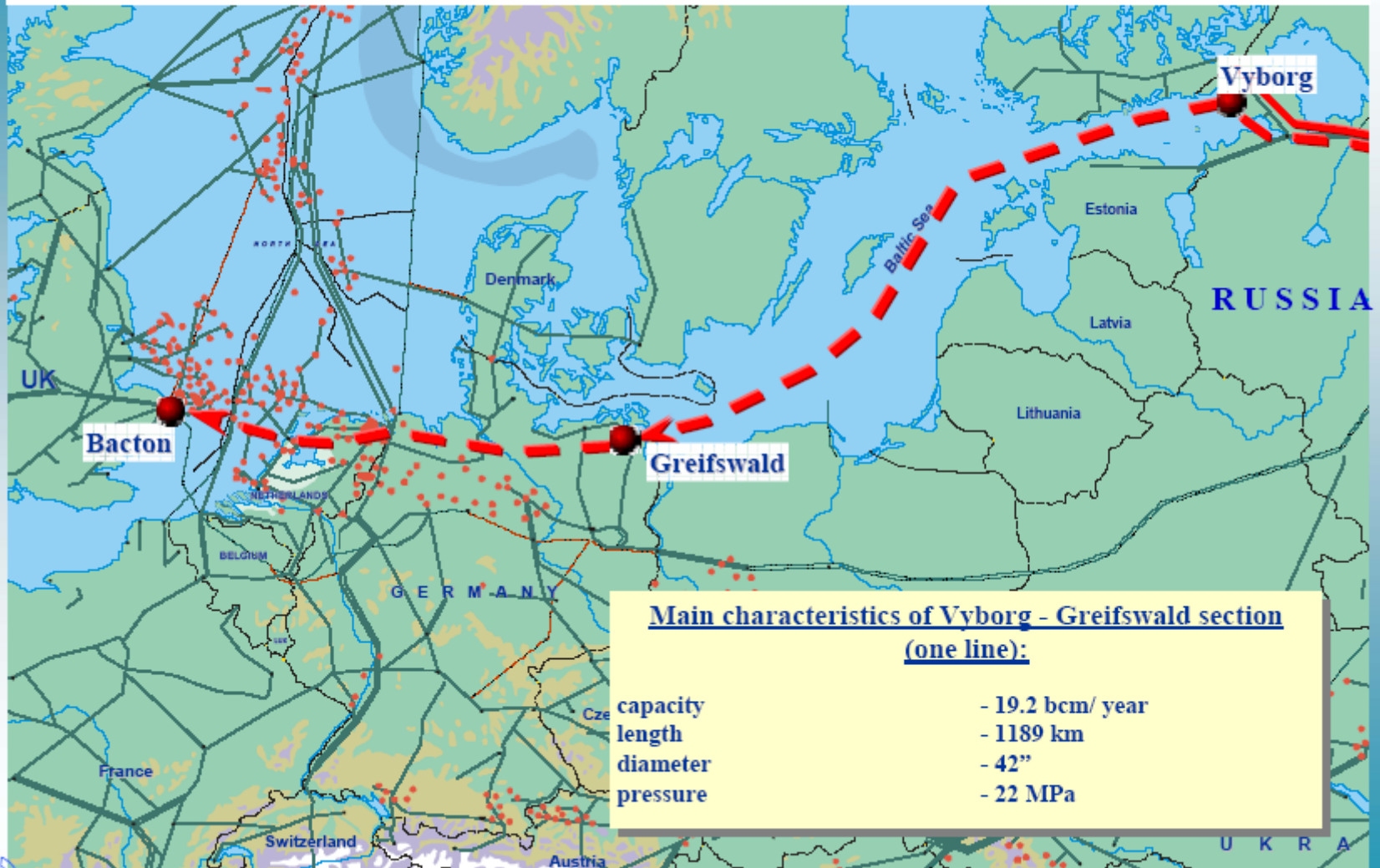




# Major Gazprom's Export Gas Pipelines

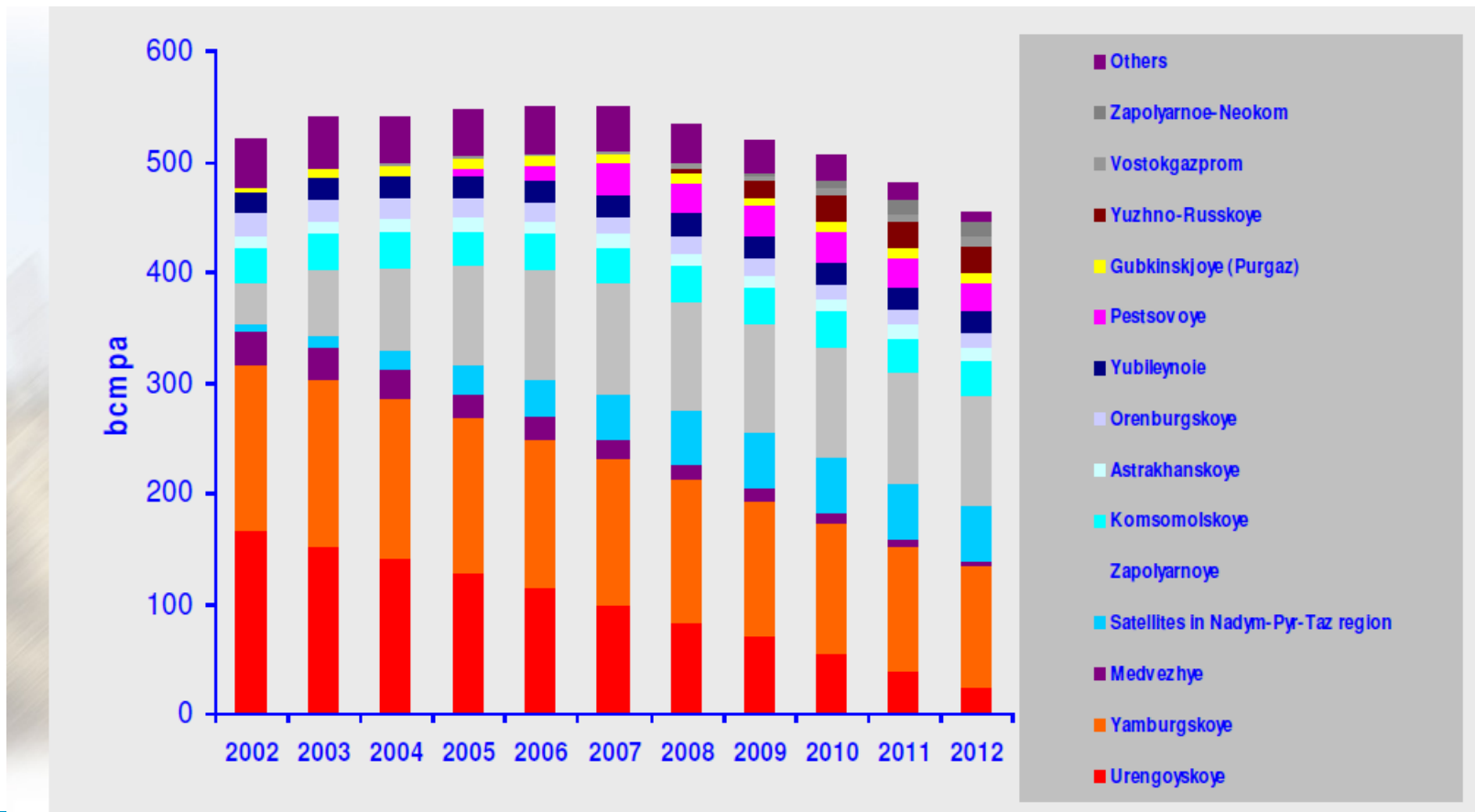


# Northern European Gas Pipeline





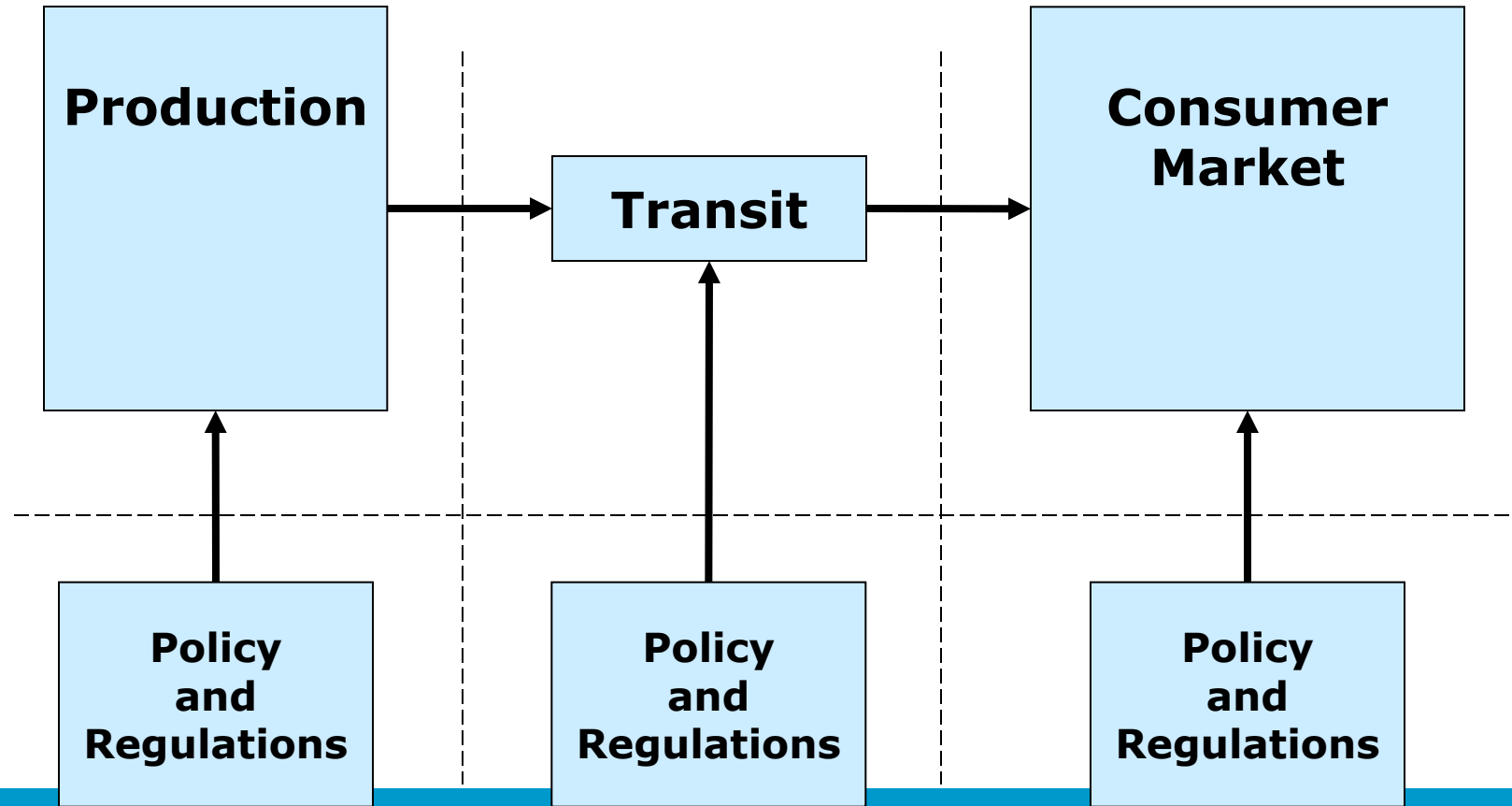
# Gazprom Production



# The promise of LNG....., or???



# Several jurisdictions..



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# From variation to convergence?

- Interaction of regional gas markets (EU, US, Asia and Latin America), via long distance pipelines, LNG chains and indigenous production?
- Variation between these systems and consequences for:
  - coordination of investments along the supply chain
  - security of supply issues
- Need for intra-regional and/or inter-regional convergence
- Implications for the regulatory concepts and approaches?

# Two Economic Perspectives

- Structure Conduct Performance
  - Degree of Concentration > Competition > Efficiency:
    - Unbundling, free entry plus regulation of monopoly elements
- Transaction Costs and Institutions
  - Transaction > Risk > Coordination > Efficiency:
    - Vertical integration and contracting structures, ex post/ex ante regulation