Ankara negotiates with Moscow over gas prices

Date : 20.02.2010

Source: Today's Zaman

http://www.todayszaman.com/tz-web/news-202050-ankara-negotiates-with-moscow-over-gas-prices.html

Turkey and Russia are continuing talks concerning a reduction in the price of natural gas, and the government expects a favorable solution shortly, Energy Minister Taner Yildiz told on Thursday.

Yildiz was speaking at a press conference in Istanbul, where he met with Russian Deputy Prime Minister Igor Sechin. *"Our talks still continue with Russia for a reduction in the price of natural gas,"* Yildiz said, recalling that Turkey received some 52 percent of its natural gas from Russia in 2009 and that this is the backbone of mutual trade between the two neighbors.

Asked about a possible reduction in natural gas prices, Sechin said cooperation is improving between Turkey and Russia regarding natural gas, adding that a discount in natural gas prices was among the issues the two parties continually discuss.

Meanwhile, the two ministers hinted that a tender for the establishment of a nuclear power plant in Turkey, a prolonged issue between the two parties, would be finalized in June. *"We will focus on the nuclear plant issue during our talks with the deputy prime minister. Russia has expressed its willingness to cooperate to this end, and we expect a decision will be made in June,"* Yildiz noted.

Sechin said Turkish and Russian parties could reach a 'satisfactory conclusion' about the construction of a nuclear power plant in Turkey. Sechin stated that Russian experts are expected to finalize feasibility studies in April in close cooperation with Turkey. A consortium of Russian Inter RAO, Atomstroiexport and Turkish Park Teknik submitted the only bid in last year's tender for the construction Turkey's first nuclear power plant. Ankara had repeatedly stated that it expects further Russian cooperation to help Turkey build its first nuclear power plant. Government sources have said Ankara may hand the nuclear project to Russian companies without a tender if the two sides can come to an agreement on technical issues such as pricing and technology.

Cut in gas price possible as Gazprom launches new pricing model

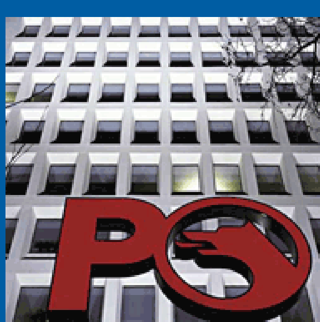
Date : 25.02.2010
Source: Today's Zaman
http://www.todayszaman.com/tz-web/news-202536-cut-in-gas-price-possible-as-gazprom-launches-new-pricing-model.html

Expectations of a decline in the price of Russian natural gas to Turkey increased that Gazprom has switched to a new gas pricing mechanism.

The Moscow Times quoted officials from Gazprom on Tuesday as saying that the provider and its biggest customer in Europe, German E.ON Ruhrgas, have settled on a new pricing agreement that is expected to bring a decrease in the price of Russian gas to Germany. Gazprom in the past set gas prices in line with changes in global oil markets, a system it has used for the past 30 years.

The Russian provider agreed to switch to a 'more flexible' pricing mechanism, under which Gazprom will define gas prices in line with developments in spot markets. Observers argue that this reform would mean a roughly 15 percent reduction in current gas prices to European customers, along with Turkey.

In his most recent visit to Istanbul, Russian Deputy Prime Minister Igor Sechin said a reduction in gas prices to Turkey was on the table, adding that they had weighed such a possibility in detail. Energy Minister Taner Yildiz had also said Turkey expected to finalize talks over a possible cut in natural gas prices by June of this year. Turkey imports the second-highest amount of gas from Russia, following Germany.



Petrol Ofisi posts $191 million profit

Date : 25.02.2010
Source: Hürriyet Daily News (AA)
http://www.hurriyetdailynews.com/n.php?n=petrol-ofisi-posts-191-million-profit--2010-02-25

Petrol Ofisi, Turkey's leading fuel distributor, has posted $191 million in profits for last year. The company said in a statement Thursday that its turnover was $9 billion in 2009.

"Our net profit was 287 million Turkish Liras [$191 million] in 2009, with a 185 percent rise over 2008," the company said. Petrol Ofisi's net sales were around $9 billion last year. *"Both shortcomings in the free-market structure and tax hikes in fuel oil products have put the sectoral organizations and consumers in a difficult situation,"* said Petrol Ofisi's Chief Executive Officer Melih Türker. *"Maybe a more optimistic, but definitely a more confident and demanding competitive atmosphere is awaiting us in 2010 and afterwards,"* he added.

Türker said the firm's priority is to minimize the impact of the global economic crisis and to continue with its customer-focused initiatives and investments. He said the company has had a successful performance thanks to its measures to raise productivity and bring costs under efficient control. *"In 2010 and afterwards, we will maintain our customer-focused initiatives, and make our portfolio more efficient,"* he said, noting that Petrol Ofisi would behave cautiously to sustain its growth performance as it tries to raise productivity.

TOTAL to keep investing in Turkey

Date : 26.02.2010
Source: Hürriyet Daily News (AA)
http://www.hurriyetdailynews.com/n.php?n=total-too-keep-investing-in-turkey-2010-02-26

French oil company TOTAL grew 0.6 percent in Turkey in 2009, raising its overall market share to 7 percent amid the global turmoil, according to its managing director Olivier Chalvon-Demersay.

Chalvon-Demersay said the company is planning $100 million in new investments in 2010. During a visit to Antalya to attend the opening ceremony of a new station, Chalvon-Demersay said the company attaches a particular importance to Turkey. Noting that the firm invested $100 million in Turkey last year, he said: *"TOTAL has operations in over 100 countries in Africa, Asia and Europe. Turkey is among the countries to which Total attaches the most importance."*

Chalvon-Demersay said Chalvon-Demersay, which began opening gas stations last year in Turkey, will continue doing so this year. *"Last year, we invested $100 million in the Turkish economy, mostly in the form of gas stations. The year 2010 will be tough for the fuel oil sector but Total will keep up its pace in investments. We will invest $100 million in Turkey this year, some 70 to 80 percent as gas stations and will provide employment for 1,000 more people this year."* Turkey is in the process of overcoming the impact of the global downturn, he said. *"We trust the Turkish economy. We are about to overcome the impacts of the global crisis in the short run. We are optimistic in the fuel oil sector."*

Nabucco partners to consider GDFSuez participation

Date : 26.02.2010
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=nabucco-pipeline-to-consider-gdf-suez-participation-2010-02-26

Partners in the Nabucco pipeline will consider an application by France's GDFSuez to join the project, Turkish Energy Minister Taner Yildiz told reporters in televised comments in Ankara.

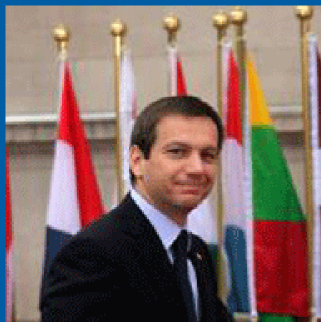
Yildiz's announcement followed French Trade Minister Anne-Marie Idrac's visit to the Energy Ministry. The Turkish minister told reporters after the meeting that they would assess with the Nabucco partners the request made by French energy company Gaz De France Suez, or GDFSuez, to participate in the consortium. The Turkish energy minister said he and Idrac discussed how the energy sector could contribute to relations between the two countries as well as political issues connected to the opening of the energy chapter in accession talks with the European Union.

GDFSuez had previously wanted to become the sixth partner of the Nabucco consortium, but was rejected by BOTAS due to tensions in Turkish-French relations over issues such as a bill on Armenian genocide allegations. The Nabucco consortium unanimously chose German RWE as the sixth partner instead.

Idrac said she visited Turkey to reiterate French support for opening the energy chapter in EU accession talks and for Turkey-EU rapprochement. She said that she expressed during the meeting that GDFSuez stands ready to contribute to the consortium. According to Idrac, French investments in Turkey provide 300,000 jobs. She added, however, that Turkey has no investments in France and urged Turkish companies to invest in the country.

The Nabucco pipeline is intended to cut Europe's dependence on Russian gas and help avoid a repeat of the cutoffs that have reduced supplies to the region twice in the last three years. The pipeline is due to send as much as 31 billion cubic meters of Caspian-region fuel a year to Austria via Turkey, starting in 2014.

"The doors are open to France – a possible participation of GDF Suez in this project would definitely be welcomed," Bloomberg cited Michaela Huber, a spokeswoman for OMV in Vienna, as saying. *"The consortium is open for a seventh partner if it further strengthens the project,"* Christian Dolezal, a spokesman for the Nabucco project, said in an e-mailed statement Thursday.



Eastern European leaders meet for energy diversity talk

Date : 24.02.2010
Source: Upstream Online
http://www.upstreamonline.com/live/article207177.ece

The leaders of central eastern European states will meet to discuss how to diversify energy sources and focus on the Nabucco gas pipeline and LNG alternatives to dominant regional supplier Russia.

Hungary's Prime Minister Gordon Bajnai told reporters the talks between Poland, the Czech Republic, Slovakia, Romania, Bulgaria and Croatia will discuss long-term regional co-operation in energy policy. "*We do believe that Europe should have stronger... planning and co-ordination of energy policies,*" Reuters quoted Bajnai as saying. "*What I'm going to propose today is to establish a so-called new energy security triangle for the region,*" he added.

Bajnai said this will focus on three initiatives: the Nabucco pipeline, a pipeline which would carry liquefied natural gas from the Croatian isle of Krk to Hungary, Slovakia and Italy, and an LNG port in Poland which is currently under preparation. He said countries in the region must also enhance storage facilities and integrate their gas networks by building interconnecting pipelines, such as a link between Croatia and Hungary expected to be completed by the end of this year.

The region depends on Russian natural gas and disruptions in shipments during the gas crises of past years caused serious supply problems in most countries. About 80% of Hungary's gas comes from Russia via Ukraine. It has boosted storage capacity since 2006 and now has a total of 5.5 bcm of commercial and strategic storage capacity.

Bajnai said Hungary also considered South Stream a realistic and important project as it would be an alternative route of supply for the region, but he added: "*If you ask my priorities ... a pipeline which is an alternative route and alternative source would mean the biggest competition and therefore the best prices for the region. A pipeline with an alternative route would only be a significant improvement compared to the current situation.*"

Bajnai stressed Hungary needed Russia in the long term in its energy supplies and said Russia could be included as one of the suppliers for the Nabucco pipeline on a commercial basis. "*What we would not like is that there is a single source supplying Nabucco, but if there are several suppliers Russia could be one of those,*" he said, adding that this idea had not yet been discussed by Nabucco partners.

Energy Secretary Chu: U.S. must decrease energy use

Date : 24.02.2010
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=88302

U.S. Energy Secretary Steven Chu said that the U.S. must decrease its energy use to allow developing nations the room to grow, while emphasizing that prosperity doesn't have to come with a large carbon footprint.

"We believe we have to decrease our use of energy to allow headroom for the developing nations to grow their economies," Chu said in a speech in Abu Dhabi, capital of the United Arab Emirates. *"There is no law of physics that says prosperity is proportional to carbon emissions,"* Chu said. Chu is visiting the U.A.E. Wednesday as part of a Middle East trip this week that has included a stop in top oil exporter Saudi Arabia and that will take him to Qatar Thursday.

GDFSuez preps plate for Nord Stream slice

Date : 24.02.2010
Source: Upstream Online (Reuters)
http://www.upstreamonline.com/live/article207196.ece

France's GDFSuez will sign a deal with Russian gas monopoly Gazprom on 2 March to take a 9% stake in the Nord Stream gas pipeline, an industrial source said today.

GDF Suez has been in talks for over a year to take a stake in the pipeline being built by Gazprom and German utility E.ON, which will carry 55 bcm of gas annually from Russia to Germany via the Baltic Sea from 2012. *"GDF Suez will sign a MOU on 2 March, which will be quite specific as it has agreed on all the conditions,"* the source told. The signing of the deal will take place during an official visit of Russian President Dmitri Medvedev.

EU industry warns of missing links for cross-border gas

Date : 26.02.2010

Source: EurActiv

http://www.euractiv.com/en/energy/industry-warns-about-cross-border-gas-missing-links-news-287515

Amid growing demand for natural gas, politicians are being urged to improve networks as a regional approach to cross-border connections is still 'sadly missing', industry representatives told.

In spite of the last round of EU energy liberalisation talks, a strong national focus still prevails in the gas business, industry representatives said. The third energy package was in itself a positive step but may well turn into a missed opportunity, said Marcel Kramer, CEO of Gasunie, a Dutch gas infrastructure company.

Regional cooperation under the third package is highly promising but as a national focus still prevails, it leads to a patchwork of regulations between nations and within the various national gas markets in the EU, he added.

From Kramer's perspective, much will depend on how member states and other stakeholders will respond to the challenges of regionalisation in the next few years. More bilateral cooperation, and not just talk, is essential, he stressed. *"Several market players have already undergone full ownership unbundling and operate with open access to their infrastructure. The regulatory burden could have been reduced to allow already unbundled players to serve the whole market with maximum efficiency and flexibility,"* Kramer opined.

Other speakers singled out Germany as the country where the investment climate represents an obstacle for developing the North-West European market. Interest in regional customers like Denmark is high, but such markets cannot be accessed without integrating Germany, they argued.

Enrico Giglioli, associate principal at consultaning firm McKinsey, said *"Germany is below the line"* as far as the investment climate in the gas sector is concerned. He also stressed that the third energy package represents a step forward compared to the previous legal situation but added that many challenges still remain to improve markets. He called for the issue of improving the investment climate to be addressed now, because it will take many years to develop a fully operational gas infrastructure.

"We suggest a single forum for the European North-West region to be established, in which member states, regulators, TSOs [Transmission System Operators] and other market parties are represented in a balanced way. The intention is to remove barriers," Kramer said.

Barroso recovery plan under fire

Speakers also criticised the 1.4bn euro European Economic Recovery Plan for energy infrastructure projects for 'distorting' the market, as it provides funds for projects which compete with others that could be developed under normal conditions.

With increased attention paid to energy supply security following the January 2009 gas crisis between Russia and Ukraine, there is a risk of agreeing measures that do not sufficiently take into account the other objectives of energy policy, warned Jens Schumann, CEO of Gasunie Germany.

Philip Lowe, who was recently appointed director-general for energy at the European Commission, said that markets did not only function in terms of the capacity of existing players to compete with each other in an open and fair way. Physical interconnection between markets must also exist, he argued. *"The crucial issue would be for us that the signals provided in this new system to investors are such that the investor interconnection is done,"* he said.

In this context, he said it was important to support the development of physical infrastructure, not just within the EU network, but across the continent. *"That requires a lot of diplomacy and commercial promotion with our partners outside the EU, and that is certainly something which the present Commission will engage in a significant way,"* Lowe said.

"Not all problems are about funding. They are about creating the conditions under which private and public funding sources can combine, and that requires [paying] a lot of attention to the regulatory framework at national level, to facilitate investments and cross-border investments," he said, adding that it sometimes takes up to ten years to obtain environmental authorisation for cross-border interconnections like those that the Commission is promoting.

Answering a question from a Russian diplomat about the so-called 'Gazprom clause' in the third energy package, Lowe stressed the non-discriminatory nature of EU legislation, adding that the Commission wants to see Russian companies on the same level playing field as EU market players.

French workers end strike at TOTAL units

Date : 25.02.2010

Source: Oil & Gas Journal (Doris Leblond)

http://www.ogj.com/index/article-display/7711716429/articles/oil-gas-journal/processing-2/refining/operations/2010/02/french-workers_end.html

Union workers called off a week-long strike at 6 of TOTAL refineries and 7 of its 31 storage depots in France after company officials promised not to shut down or sell any more refineries for 5 years.

TOTAL was hit by strikes supporting workers' Feb. 16 takeover of the company's idle 137,000-b/d Dunkirk refinery. TOTAL officials said refining will not resume at that facility, but its employees will be guaranteed jobs within the group. The end of the dispute came as workers at the two Esso refineries at Gravenchon-Port Jerome and Fos-sur-Mer were preparing for a 24-hr strike. Workers at the Ineos refinery at Lavera were discussing whether to strike in support of the TOTAL workers.

There will be a roundtable discussion of the Dunkirk refinery's future among company, union, and perhaps government officials before the end of March. Olivier Jakob at Petromatrix, Zug, Switzerland, earlier said the French government was *"accentuating the pressure for a way out"* of the strike before it impacted French fuel supplies. He said there was *"a high risk of a sharp correction"* in gasoline markets when the strike ended.

The strike came at the start of the February school break in France and 3 weeks before regional elections important for the government party in power. Motorists were starting to panic with queues forming at service stations. Meanwhile, TOTAL confirmed its objective to maintain a 'modern and competitive' refining operation in France. But some analysts question whether it can keep the no sale-no shutdown promises wrung from the firm by government and union officials.

There is deep concern among French refinery workers that Dunkirk may well be the harbinger of other shutdowns in France on the back of the announced 'structural fall' in product consumption. Industry Minister Christian Estrosi is to chair a roundtable on France's energy future in second quarter, one of the main demands of the trade unions.

Jean-Paul Vettier, former refining and marketing vice-president of TOTAL, told France's refining industry is losing €150 million/month since March 2009. He said France is caught in a dilemma between an all-out environmental policy and the need to temper its impact on the refining industry. Vetter is now president of the Swiss-based refining company Petroplus.

Jakob said, *"It is very well and trendy wanting to run cars on sugar, corn, and soybeans, but politicians should also have the guts to explain that there is a social cost for wanting to reduce dependency on oil, and that is that some refineries in the Atlantic Basin need to close and that some workers in the refinery industry will necessarily lose their jobs."*

Refineries in the Atlantic Basin *"are not only suffering from the increased market share of biofuels but as well from the increasing imports of refined products originating from the new refineries in Asia. The Atlantic Basin is trying to shy away from Iranian oil but in the end that crude oil is being refined at a discount in Asia, and the products sent to Atlantic Basin where they are forcing refineries into permanent shutdowns on both sides of the Atlantic,"* Jakob said.

Loan bridges Iraq funds gap

Date : 26.02.2010
Source: Upstream Online
http://www.upstreamonline.com/live/article207423.ece

The World Bank has approved the first of two $250 million loans for Iraq to help plug a large financing gap caused by the sharp drop in global oil prices since 2008.

The shortfall of close to $5 billion through to the end of 2011 has posed challenges for rebuilding the country from years of conflict and just when violence has started to subside. Iraq relies on oil exports for as much as 90% of its revenues, and lower oil prices mean it will not have enough resources to meet reconstruction needs, Reuters reported.

"Iraq's immediate needs are to manage this short-term financing gap in ways that soften the impact of this fiscal crisis on its citizens," said Hedi Larbi, World Bank country director for Iraq. *"The Bank's loan helps Iraq protect the key social and infrastructure expenditures that the country needs to rebound,"* Larbi said.

The World Bank loan comes a day after the International Monetary Fund approved $3.6 billion in funding for Iraq to help the economy with the slump in oil prices and political uncertainty in the lead-up to 7 March parliamentary elections.

❖ IEA Oil Market Report

Source : International Energy Agency
Weblink : http://omrpublic.iea.org/