

Attack on Iran – Turkey pipeline stops flow

Today's Zaman, 26.08.2010



Terrorists from PKK have blown up part of an Iranian-Turkish pipeline, shutting down the natural gas supply to Turkey, Agri Governor Ali Yerlikaya has said.

He said no one was injured in the blast late on Tuesday. The gas flow was immediately cut and repairs to the pipeline were under way Wednesday. Yerlikaya did not say when the pipeline would be operational but added that an investigation has been launched into the blast. Officials from the Turkish Pipeline Corporation (BOTAS) also said that Iranian natural gas flows to Turkey were halted after the explosion and could take up to a week to resume after repairs are completed.

This was the second time in a little over a month that an explosion halted gas imports from Iran on the key link. "The fire has been extinguished, and repair work is ongoing," one official told Reuters on condition of anonymity. Another BOTAS official said the blast, the cause of which was not immediately clear, occurred late on Tuesday. Repairs could take six to seven days to be completed, he said. When an explosion on July 21 halted the gas flow, it took 10 days to fix the pipeline. Terrorists have in the past claimed responsibility for attacks on oil pipelines from Iraq and Azerbaijan.

Gazprom doubles transfer to Turkey due to explosion

Hürriyet Daily News (AA), 26.08.2010

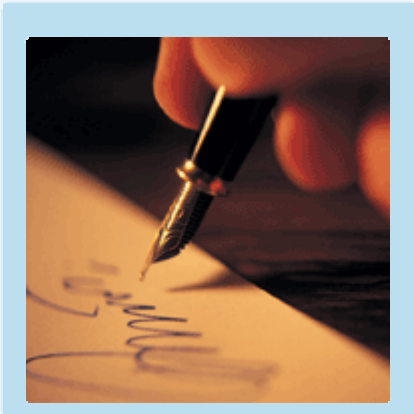


Gazprom spokesman Sergei Kupriyanov said the transfer of natural gas to Turkey via the Blue Stream pipeline had been doubled to 37 million cubic meters as of Wednesday.

Kupriyanov said Gazprom increased the amount after an explosion occurred on the Iran-Turkey natural gas pipeline. Noting that there was a rise in Gazprom's natural gas transfer to Turkey, Kupriyanov said the situation showed the Turkish economy was rapidly recovering after the global economic crisis. Kupriyanov said the explosion on the pipeline increased Turkey's natural gas demands on Russia.

Energy security makes its way into the National Security Policy Document

Today's Zaman (Ercan Yavuz), 25.08.2010



A confidential document that sets out the nation's security priorities will, for the first time, include references to energy security, sources have told.

The National Security Policy Document, sometimes referred to as Turkey's 'secret constitution' because of the dominant role it plays in determining domestic and external security priorities, is revised every five years to reflect changing internal and global circumstances. The latest revision, the first one conducted by civilians in Turkey's history, is expected to be finalized in the next meeting of the National Security Council (MGK) in October.

According to the document, whose revision is expected to take effect in the coming months, Turkey now considers the security of energy lines and corridors to be strictly associated with world security, a conviction that is expected to further increase security and intelligence cooperation with energy supplier Russia.

Sources close to the issue also say Turkey's neighbors, traditionally viewed as threats to Turkey's national security, are to be removed from the list national threats. Russia is one of these neighbors; it was considered a hostile nation during the Cold War years and then seen as a security threat because of its support for the outlawed Kurdistan Workers' Party (PKK). Cooperation with Russia was hindered amid Turkish misgivings towards Moscow stemming from the fact that the majority of weapons the PKK used in its attacks on Turkish targets originated from Russia.

But the two countries have moved from rivalry to cooperation in recent years, with trade ties expanding, energy cooperation gaining a strategic dimension and diplomatic contact becoming more and more frequent. Cooperation with Russian intelligence, seen as hostile not long ago, is also developing. According to sources, Turkey's National Intelligence Organization (MIT) and Russia's Foreign Intelligence Service (SVR) are working closely on ensuring the security of energy transportation lines and focusing on tensions in the region that could pose a threat to energy security.

As part of expanding cooperation in the field of energy, Turkey has granted Russia's state-run natural gas monopoly, Gazprom, use of its territorial waters in the Black Sea, where Moscow wants to route its South Stream pipeline to deliver gas to eastern and southern Europe. In exchange, Gazprom has agreed to build a pipeline across Turkey from the Black Sea to the Mediterranean. Both deals appear to have advanced Turkey's goal of becoming an energy hub.

The revised National Security Policy Document states that Turkey has become an important energy route given its location next to gas and energy reserves in Russia, the Caspian region, Iran and Iraq. The government believes that political developments and tensions in Russia, Azerbaijan, Iran, Iraq, Syria, Bulgaria and Greece should be closely followed so as to ensure security of energy reserves and transportation lines, a sign that Turkey will continue to have an active foreign policy and expand its influence in the region.

The document describes protecting and solidifying Turkey's status as an energy hub as a priority and focuses on elements that threaten to undermine that status. The revised document notes that the Kirkuk-Yumurtalik pipeline, transporting oil from the north of Iraq to Turkey's Mediterranean port of Ceyhan, now operates on a daily capacity of 300,000 barrels, even though the pipeline is capable of carrying 16 million barrels a day, because of security issues. The PKK frequently carries out attacks on the pipeline, and policymakers fear the Baku-Tbilisi-Ceyhan oil pipeline, running from Azerbaijan's Shah Deniz fields to Ceyhan, could also be targeted.

The new document states that Turkey should work together not only with Russia but also with the United States for long-term plans to ensure energy security because any disagreement between Russia and the United States in regard to the energy lines transiting Turkish territory would constitute a risk for the entire region.

Ensuring the security of energy lines is expected to help Turkey's troubled efforts to join the European Union as well. According to the revised National Security Policy Document, up to 70 percent of oil and gas supplies for Europe could be transiting Turkish territory in the next decade.

BP to drill new wells in Azerbaijan

Rigzone, 26.08.2010



A BP-led consortium of foreign companies is to start drilling new wells in East Azeri platform from the block of oil fields Azeri-Chirag-Gunashli (ACG).

Drilling of a water-injection well D-17 in the platform came to the end, BP said. Two producing wells, D-18 and D-19, will be drilled in eastern part of the Azeri field by the end of 2010. Fourteen wells were put into operation in the East Azeri platform. In six months, 150 million barrels, or over 20.2 million tons of oil, was produced in ACG, while daily production made up about 827,600 barrels.

About 300 million barrels, or over 40.3 million tons of oil, was produced in ACG in 2009, while daily production stood at 817,700 barrels. Over 112 barrels of oil was produced daily in East Azeri.

Iran says Turkey may help build petrochemical units

Hürriyet Daily News (Bloomberg), 23.08.2010



Turkey and Iran may jointly build two petrochemical units, state-run Press TV news channel reported, citing Iran's Deputy Oil Minister.

Iran and Turkey are discussing construction of an urea and an ammonia unit in the industrial hub of Assaluyeh in southern Iran, Press TV said, citing Abdolhossein Bayat, who is also the managing director of National Iranian Petrochemical Co. Talks include construction of a petrochemical plant in Miyandoab in western Azerbaijan province that can produce 539,000 tons of petrochemical products annually, the TV station reported.

Bayat, who didn't name any Turkish companies, said businesses from Oman, Indonesia, Malaysia, Venezuela, Russia and South Africa have shown interest in cooperating with Iran in the development of petrochemical units. Iran aims to implement 47 petrochemical projects by the end of 2015 to add a total of 43 million tons a year of capacity, the report published on Press TV's website said. Once those projects are completed, Iran's production will represent about 5.3 percent of global petrochemical output and about one third in the Middle East, it said.

Nabucco pipeline confirms feeder lines to Iraq and Georgia

EurActiv, 23.08.2010



The Nabucco pipeline project has taken another step forward by ordering engineering work for two feeder lines from Turkey to Iraq and Georgia. However, a third planned feeder line from Turkey to Iran has been put on the back-burner due to political considerations, the consortium announced.

At a recent Steering Committee meeting in Ankara, Nabucco shareholders agreed to modify the feeder line concept, a press release says. Due to the current political situation, they decided to put on hold the third feeder line to the Turkish-Iran border.



There will be feeder lines to the Turkish-Georgian and Turkish-Iraqi borders. The planned route offers a wide range of supply sources for the Nabucco gas pipeline, which will receive gas from Azerbaijan, Turkmenistan and Iraq. Indeed, recently Azerbaijan and Turkey signed a deal to ship 11 bcm of Azeri gas per year to Turkey. Shipments will start in 2017 and some of the gas may be pumped into Nabucco.

Meanwhile, Northern Iraq declared in Turkey that it stands ready to provide gas supplies "to make Nabucco work". The consortium also announced that it would raise its capacity step-by-step, from 8-10bcm/y and reaching maximum capacity by 2018 after the construction of additional compressor stations. In the meantime, public hearings have been taking place in Turkey within communities, followed by question-and-answer sessions regarding the local impact of the project. According to the consortium, such meetings have already taken place in the cities of Ankara, Eskisehir, Bursa, Balikesir, Tekirdag and Kirklareli.

World giants queue up to buy natural gas distributor IGDAS

Today's Zaman, 24.08.2010



With Ankara's gas distributor, Baskent Dogalgaz, privatized last week, eyes have now turned to Istanbul's IGDAS, which has attracted the interest of both domestic and foreign groups. Servicing almost 4.2 million customers and with annual distribution of 4 bcm of natural gas, IGDAS is twice as big as Baskent Dogalgaz, 80 percent of which was bought by MMEKA in a tender for \$1.21 billion.

Today's Zaman has learned from Istanbul Metropolitan Municipality authorities that over 20 large companies are seeking to buy IGDAS at a tender whose date will soon be announced.

Among these corporations are Russian Gazprom, French Gaz de France, Italian Eni and German EWE and ENBW as well as Koc Holding, Limak, Aksa, Yildizlar SSS Holding, Akfen Holding, Oyak Group and Zorlu Holding from Turkey. MMEKA has not yet decided to bid for IGDAS. Company Chairman Mehmet Kazanci told that they are focusing on financing the Baskent Dogalgaz acquisition.

An official at the Istanbul Metropolitan Municipality said the date for the tender will be announced in the days ahead after a meeting with Mayor Kadir Topbas. The revenue from the IGDAS sale will go entirely to the municipality and will be used to invest in the metro system and other infrastructure in the city. IGDAS earned over TL 2.84 billion last year and paid more than TL 24.4 million in corporate taxes, becoming the 71st largest corporate taxpayer in Turkey. The company sells natural gas to half of all clients in the country. IGDAS employs 2,176 personnel.

Privatization of power plants to continue

Hürriyet Daily News, 23.08.2010



Ahmet Aksu, Deputy Chairman of the Privatization Administration (OIB), has announced that the administration will continue to privatize power plants after the recent privatization of several electric distribution companies.

Aksu said these upcoming privatizations would be part assets sales, part share sales and part transfer of administration rights. The administration formed nine portfolio groups, three containing solely coal-fired power plants, two containing both coal power plants and hydroelectric power plants, also known as HES, and four containing solely hydroelectric power plants.

The thermal plants involved in the issue are Hamitabat (with 1,120MWs power) in Kırklareli province, Soma (with 1,034 MWs power) in Manisa province, Çan (320 MWs) in Canakkale province, and Seyitömer (600 MWs power) in Kütahya province.

Recalling that the administration has finalized the privatization of 52 hydroelectric power plants, Aksu said hydroelectric plants' privatization helped to expand the portfolio of energy investors in the Turkish energy sector. Noting that the legal procedure for the mentioned privatizations was almost finished, he added that once the Supreme Privatization Board confirmation was granted they would invite investors to agreement talks and finalize a great majority of the privatizations before the end of this year.

Meanwhile, the Chamber of Electric Engineers, or EMO, Izmir representative Abdullah Savkli criticized the OIB's announcement concerning the coal plants. "Privatization will bring both arbitrary practices and a price increase in electricity. If the coal plants are privatized the price increase will be absolute. This arbitrary practice will create a milieu that only serves the needs and desires of foreign capital. Electricity is a source with no alternative. No institution is entitled to regulate it as arbitrarily as this. It is wrong to open the basic rights to competition. What is happening is a matter of monopoly. As the EMO, we are against all privatizations and we expect our public to show sensitivity to the issue. Our chamber will continue its fight."

Similarly, Cankaya Mayor Bülent Tanik in Ankara said the metropolitan municipality would earn no money from the privatization of the Baskent Dogalgaz grid. At a press conference, Tanik said the municipality collected the natural gas monies in advance from the public and the unpaid debt amounted to more than \$500 million.

"Now a great majority of the money will go to the Treasury, to the Petroleum Pipeline Corporation (BOTAS) and to the payment of the debts. Therefore, the Ankara Metropolitan Municipality will get no money out of this. As it seems, the municipality has just turned Ankara's natural gas and all its assets, movable or immovable, over to a private company, thus, giving Ankara's future away." He said the privatization would have serious consequences in the long run.

Iraq expects successful gas fields bidding, readies contracts

Hürriyet Daily News (Bloomberg), 22.08.2010



Iraq will hold a third bidding round for gas fields which will take place on October 1, an Oil Ministry official said.

“Definitive model contracts and final tender protocols will be ready on September 10, and the bidding process will be on October 1,” Abdul Mahdy al-Ameedi, deputy director general at Iraq’s Petroleum Contracts and Licensing Directorate, said. “We expect the round to be a success, it is now all going fine and everything will be on time,” he added. Iraq held two licensing rounds last year for oil and gas investments, and the third is specifically for the gas fields Akkas, Mansouriya and Siba.

As part of incentives for investors, Iraq plans to scrap so-called signature bonuses, which amounted to between \$100 million and \$500 million for each of the winning bidders in the previous two licensing rounds last year, al-Ameedi said on August 2.

Iraq intends to export 50 percent of the gas produced in the three gas fields, the amount left after domestic needs are met, he said. The three undeveloped fields hold combined reserves of more than 11 trillion cubic feet. The Mansouriya gas field will be for domestic use, then later for exports or supplying the proposed Nabucco pipeline, which is intended to reduce Europe’s dependence on Russian fuel, al-Ameedi said.

Companies winning the contracts will be paid on the basis of barrels of oil equivalent and will not be involved in setting the prices of gas exports. Akkas and Mansouriya were among the fields offered in bidding last year. No investors bid for Mansouriya then, and the ministry rejected the sole offer for Akkas made by a group of five companies led by Italy’s Edison SpA. The ministry initially included Siba in the second round then withdrew it.

Akkas, discovered in western Anbar province near the Syrian border in 1998, holds 5.6 trillion cubic feet of gas and has six wells, according to the ministry. Iraq is interested mainly in exporting associated gas produced there along with oil, Deputy Oil Minister Ahmed al-Shamma said in April. Mansouriya, discovered in the eastern Diyala district in 1979, north of Baghdad, holds a potential 4.5 trillion cubic feet of gas and has four wells. Siba, found in 1968 in Basra, southeast Iraq, has 1.1 trillion cubic feet of gas and three wells.

Ukraine wants review of gas price

The Moscow Times, 26.08.2010



Ukrainian Prime Minister Mykola Azarov said that his government wants Russia to review the price it charges for gas supplies, saying that even with a discount, fuel costs are squeezing the economy. "Our aim is to review extremely unfavorable agreements with Russia," Azarov said. "Only the agreements signed in Kharkiv, under which we have a \$100 discount, allow us to avoid collapse."

A January 2010 agreement between Russian gas giant Gazprom and Ukraine's gas holding Naftogaz set a base formula for the price of gas that the Ukrainians say is onerous despite a subsequent deal in Kharkiv last April.

In that deal, President Viktor Yanukovich's administration secured a \$100 discount on the price for 1,000 cubic meters of gas in exchange for allowing Russia to keep its Black Sea Fleet in a Ukrainian port until 2042. But it is now saying this is not enough. Azarov said his government would work to persuade the Russian side that the January agreement, reached by the previous administration of Yulia Tymoshenko, was unfair. "This formula continues to weigh on us, and this is a fact that cannot be denied. The price goes up by \$25 every quarter," Azarov said. He said that in the fourth quarter this year the price of gas without the \$100 discount would reach \$390 per 1,000 cubic meters. "Such a price would mean catastrophe for the economy and the people of Ukraine," Azarov said.

Gazprom charged Western European customers an average \$307 per 1,000 cubic meters in the first quarter, compared with an average of \$187 per thousand cubic meters on Britain's spot market, according to Troika Dialog. Gazprom spokesman Sergei Kupriyanov declined to comment on whether Ukraine had formally sought a review of contracts. Under pressure from the International Monetary Fund, which has just opened up a \$15 billion standby credit line to Ukraine, the Azarov government has announced austerity measures including a 50 percent rise in the price of gas for the Ukrainian householder.

Yanukovich said Tuesday that his administration would launch a campaign to explain to people the need for tough reforms to modernize the economy. Ukraine, which ships about 80 percent of Russia's gas exports to Europe, also wants guarantees for transit volumes through its pipelines, Yuriy Boyko, the country's fuel and energy minister, said in an e-mailed statement over the weekend. Russia is planning several pipelines bypassing Ukraine, including Nord Stream, which is being built across the Baltic Sea, and South Stream, across the Black Sea. The links may lower volumes crossing Ukraine.

Ukraine increased transit of Russian natural gas 22 percent to 57.4 billion cubic meters in the first seven months of the year, the Fuel and Energy Ministry said Wednesday. The government is raising the gas price for households to help trim a budget deficit and qualify for future payments from the \$15.2 billion loan program that the IMF approved last month.

Yanukovych: Building LNG terminal is Ukraine's top priority

Platts, 26.08.2010



Building a LNG terminal on the Black Sea will be Ukraine's top priority during the next four years, President Viktor Yanukovych's press service reported Thursday. Ukraine will also focus on renewable energy projects, including building one of the largest solar power plants in Europe, to reduce its dependence on natural gas imports, the report said.

The decision comes after an energy security meeting of the Yanukovych administration on Wednesday joined by the most senior energy and economic sector officials, including Energy and Fuel Minister Yuriy Boyko.

"Without any doubt, these projects will be accomplished," Yanukovych said in a statement. "I recommend these projects be developed under my patronage. I will share responsibility for these projects and will work on their realization." The statement is the strongest backing yet for the LNG terminal that is supposed to reduce dependence on imports of natural gas from Russia, Ukraine's only supplier of gas.

The LNG terminal, which is expected to be built near Odessa, will have capacity of 10 bcm/year, according to government officials. The cost of building the terminal is estimated to be between \$1 billion and \$1.2 billion, according to industry analysts. Ukraine is going ahead with the project and is expected to choose a company that would conduct a feasibility study of the Odessa terminal by the end of the year, Boyko said in the statement.

Preliminary talks with possible suppliers of LNG showed Ukraine could import gas at \$190/1,000 cu m, including transportation costs, compared with about \$250/1,000 cu m it currently pays Russia for gas delivered via pipelines, Boyko said. Ukraine produces 20 bcm/year of gas domestically, but also buys between 30 bcm and 40 bcm/year of gas from Russia to meet domestic demand.

Ukraine, which has been dependent on nuclear and fossil-burning power plants, plans to open a major solar power plant later this year, according to Yanukovych. "In the near future, I am confident, we will launch in operation many different plants, including one of the biggest solar power plants in Europe," Yanukovych said. "This could be done this year."

Ukraine plans to build several wind and solar power plants throughout the country, Vladislav Kaskiv, chairman of the national projects at the Committee of Economic Reforms, an economic body under Yanukovych, said. These power plants would be build mostly in Crimea and Zaporizhia region, Kaskiv said.



Announcements & Reports

► *EMRA's Board Resolution on Natural Gas Market Storage Tariff*

Source : Energy Market Regulatory Authority

Weblink : <http://www.epdk.org.tr/mevzuat/kurul/dogalgaz/2699/2699.doc>