PETFORM OIL & GAS BULLETIN

24.04.2009

EU nears energy liberalisation finishing line

Date : 23.04.2009

Source: Euractiv.com

http://www.euractiv.com/en/energy/eu-nears-energy-liberalisation-finishing-line/article-181541

The European Parliament yesterday endorsed an agreement struck by the EU institutions to curtail the power of energy giants and move closer to a truly internal gas and electricity market.

However, critics said the measures did not go far enough in breaking up energy monopolies. The Strasbourg plenary vote put an end to year-long squabbles over the third package of legislation to liberalise EU energy markets. The text will now be transmitted for adoption by the EU Council of Ministers representing the 27-member bloc, formally putting an end to the process.

The new legislation consists of two directives on rules for the internal electricity and gas markets, two regulations on conditions for access to those markets and one establishing an 'Agency for the Cooperation of Energy Regulators'. The Parliament and governments clashed on a number of issues, including the separation of vertically integrated power companies' production and transmission assets, consumer rights and the power of independent transmission operators.

Working under pressure to push through the legislation - deemed crucial to the EU's energy security - before the elections, the Parliament dropped a demand that full 'ownership unbundling' had to be the only option for the electricity market.

Instead, MEPs signed up to a deal which also allows companies to opt for two alternative models which let them retain ownership of their gas and electricity grids. This is, however, on the condition that they either hand over the operation of their transmission networks to an independent system operator (ISO), or adhere to rules which guarantee that the two sectors can operate independently. Such rules include the establishment of a supervisory body and the provision of 'cooling-off periods' for employees before moving from transmission to generation.

Legislation too weak, say critics

MEPs voting against the new legislation said it was neither strong enough to contain energy giants' power, nor to provide for genuine competition. At a time when German cartel authorities are starting to investigate market-price manipulation by the four big domestic energy utilities, and France's EDF is answering charges of spying on Greenpeace activists, Green MEPs Claude Turmes (Luxembourg) and Rebecca Harms (Germany) argued that the outcome of the legislation was testament to the fact that 'energy oligopolies still have most EU governments and energy ministers in their pockets'.

They warned that in a few years' time, the EU would be discussing a fourth liberalisation package. Smaller energy suppliers have long complained of big players depriving them of access to energy grids. Successful market liberalisation is also seen as a prerequisite to guarantee that renewable electricity can access to networks, helping to achieve the EU's commitment to produce 20% of its energy needs from renewables by 2020.

Lower energy prices promised

The new legislation is expected to reduce consumers' energy bills by stimulating more cross-border trade, which would increase competition on EU markets. However, the Commission has argued that this would not guarantee lower prices, as the liberalised market cannot control energy sources and taxes.

Consumer protection and universal access

Nevertheless, the agreement endorsed yesterday takes consumers' concerns into consideration, largely due to heavy haggling by the Parliament. As a trade-off for the compromise on ownership bundling, Parliament obtained recognition of the concept of energy poverty, obliging member states to offer measures such as social security benefits to provide vital energy supplies to poorer customers, and requiring governments to guarantee universal access to electricity for all households.

Moreover, the new legislation gives consumers the right to change their gas and electricity suppliers within three weeks and without charges. They are also promised access to all relevant gas and electricity consumption data, allowing them to control their energy bills. Member states are now expected to endorse the agreement some time in the summer.

Petrol Ofisi barred from tenders

Date : 22.04.2009
Source: Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=173145

The Ministry of Energy and Natural Resources has barred Petrol Ofisi from participating in government tenders over the next 12 months. The ministry's decision also applies to Petrol Ofisi's 10 subsidiaries, the shares of which are traded separately on the Istanbul Stock Exchange (IMKB).

The ministry had initiated an investigation following news reports indicating that the level of sulfur emissions at Istanbul's Ambarli fuel oil power plant was above the level specified in the plant's operating contract, making it dangerous to human health.

After verifying the reports, the ministry held two tenders for a plan to reduce the plant's sulfur emission rate, first in March and then in December 2008. Petrol Ofisi won both tenders; however, the ministry later learned that the firm had conspired to rig bids in the tenders, preventing other companies from submitting offers. Petrol Ofisi also is accused of failing to comply with the conditions of the tender vis-à-vis sulfur delivered to the power plant.

The company said in a statement that it had complied with every condition specified in the two tender contracts and that it has done so without error. "*All deliveries were inspected by Electricity Generation Inc. [EUAS] officials, who approved the sulfur we supplied for the Ambarli plant, certifying it as meeting the required emission levels defined in the tenders. The ministry declined to issue a detailed explanation for revoking our right to participate in tenders. Petrol Ofisi will pursue all legal means to protect its rights,*" the company stated.

The ministry then decided to initiate legal proceedings against 17 officials from EUAS who had failed to detect the high emission rates in the sulfur supplied by Petrol Ofisi. The government also recently moved against Petrol Ofisi for TL 12.8 million in back taxes from 2003.

TPAO to explore oil with Chevron

Date : 23.04.2009
Source: Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=173283

The Turkish Petroleum Corporation (TPAO) will explore oil with Chevron on Cudi Mountain in Turkey's southeastern province of Sirnak. Chevron had previously announced it was interested in conducting oil exploration off Turkey's Black Sea coast.

Officials from TPAO said the company and its partner Chevron had initiated preliminary studies for the sinking of a Cudi-1 well to explore for oil. Noting that preparations for Cudi-1, 25 kilometers from Silopi, are almost complete, TPAO officials said that following the end of the current studies, the companies will start drilling in the region next month.

TPAO had been in contact with Chevron for the last few months. Negotiations started in January 2009 with officials from both sides meeting in Turkey to discuss the details of a possible partnership.

Güler: Turkey determined to complete Nabucco

Date : 18.04.2009
Source: Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=172810

Energy and Natural Resources Minister Hilmi Güler said on Friday that Turkey was determined to finish the Nabucco project, which will carry gas to European markets from fields in the Caucasus and Central Asia, in a timely manner.

Speaking at a conference in Istanbul, Güler said Nabucco would be completed just as the Baku-Tbilisi-Ceyhan, Shah Deniz and Turkey-Greece oil pipelines were. Güler noted that he was scheduled to meet with his counterparts from Greece, Italy and Azerbaijan in Istanbul this month to discuss the Shah Deniz oil pipeline project.

Discussing the Blue Stream pipeline, Güler said the parties had discussed constructing the Blue Stream 2. "*A team from the state-owned Turkish Pipeline Corporation [BOTAS] will visit Russia in the coming days,*" he added.

Russian and Azerbaijani leaders seek broader gas ties

Date : 19.04.2009
Source: Today's Zaman (AP)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=172878

Talks between Russia and Azerbaijan on Friday paved the way for a gas supply agreement that may undermine Western Europe's efforts to reduce their energy dependence on Russia.

"We have a very high chance of entering a full-blown agreement" on gas supplies, Russian President Dmitry Medvedev told reporters after a meeting with his Azeri counterpart, Ilham Aliyev. Last month, the head of Azerbaijan's national energy company met with officials of Russia's state gas monopoly Gazprom and gave a preliminary pledge to supply gas to Russia from 2010. But details of a potential supply deal remain scant, as both sides have yet to agree on the terms.

However, any broadening of the deal could yet undermine Western Europe's efforts to reduce its dependency on Russian gas supplies by throwing into doubt the viability of the Nabucco project. But Azerbaijan has so far given only lukewarm backing to Nabucco, which would source gas from the second phase of Shah Deniz field initially -scheduled to produce gas in 2014-15- with hopes that Turkmenistan will join later.

Aliyev noted that a deal with Russia would entail little additional investment, because there are no transit countries to traverse, and the pipelines are already in place. Russia's overtures to Azerbaijan follow a recent souring of relations between gas-rich Turkmenistan and Russia.

Russia, which has a virtual monopoly over Turkmen gas exports, angered Ashgabat recently when it announced it was reducing its intake of Turkmen gas because of a downturn in global demand. Turkmenistan then accused Gazprom of causing a pipeline blast last week on its border with Uzbekistan that shut off the Central Asian country's gas exports.

Earlier this week, Turkmenistan signed an agreement with Germany's RWE, a member of the Nabucco consortium, inviting the European company into the country to explore gas fields and ship gas to Europe. *"It's a shot across the bows,"* Stern said of the RWE deal. *"It's a shot that says 'we are interested in other markets. And if you don't take the gas you said you were going to take from us, we are going to become increasingly interested'."*

President Gül invited to Nabucco summit with EU leaders

Date : 23.04.2009
Source: Today's Zaman (Süleyman Kurt)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=173261

President Abdullah Gül has been invited to a summit of European Union leaders and the key energy-supplying countries of the Caucasus to discuss the troubled Nabucco pipeline project.

The EU's Czech Presidency has extended the invitation to Gül for the May 8 summit between the so-called EU Troika, which comprises the current and next presidents of the EU as well as top EU officials in charge of foreign policy, and five countries, namely Azerbaijan, Turkmenistan, Kazakhstan and Georgia, in addition to Turkey. The summit's focus will be the fate of the Nabucco project.

Turkish officials said Ankara has not yet decided whether Gül will go to the summit. The high-level gathering comes only a day after a meeting of the EU and six former Soviet republics, namely Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

Petkim to build Iran chemicals

Date : 21.04.2009
Source: Hürriyet Daily News (Reuters)
http://arama.hurriyet.com.tr/arsivnews.aspx?id=11473026

Turkish chemicals producer Petkim has signed a memorandum of understanding with Iran's NPC International to build a chemicals plant in the Islamic Republic, the Turkish company said yesterday.

The partnership between Petkim and the Iranian company will be a 50-50 joint venture, Petkim, which is partly-owned by Turkish energy company Turcas and Azeri state owned oil firm Socar, said. The factory is expected to produce 1.65 million tons of methanol a year and 300,000 tons of polyethylene.

Iraq proposes crude oil lines to Jordan

Date : 18.04.2009

Source: Oil & Gas Journal (Eric Watkins)

http://www.ogj.com/display_article/359672/120/ARTCL/none/Trasp/1/Iraq-proposes-crude-oil-lines-to-Jordan/

Sa'd al-Hayyani, Iraq's ambassador in Amman, told Iraq is seeking to increase its crude exports through two oil pipelines to Jordan; one to Port of Aqaba, the second from Bayji to the refinery at Zarqa.

Al-Hayyani said the line to Zarqa would provide Jordan with the opportunity to 'secure its oil needs' of 100,000 b/d, while the line to Aqaba would generate needed transit revenues for Amman. Al-Hayyani said the two projects would be discussed during the visit of Jordanian Prime Minister Nadir al-Dhahabi to Baghdad before the end of April.

Earlier this month, Jordan received 11,000 bbl of Iraqi oil, the first delivery under a new agreement, which revises the subsidy the kingdom receives in the light of increased world prices. Jordan's Energy Minister Khaldun Qteishat said 41 tanker trucks loaded with 11,000 bbl of Iraqi oil crossed the border Apr. 6, while another 88 tankers with 35,000 bbl were scheduled to arrive 24 hr later.

The deliveries were the first under a new agreement Jordan reached with Iraq that changed the baseline to $104/bbl from $75/bbl for the discount the kingdom receives on its purchases. Under an agreement signed in August 2006, Jordan received an $18/bbl subsidy that has since been raised to $22/bbl following a visit by King Abdullah II to Baghdad last month.

Qteishat said Jordan currently receives 10,000 b/d or 10% of its needs at the subsidized price from Iraq, but he hoped that amount would be increased to 30,000 b/d 'in the future'. Meanwhile, Jordan Petroleum Refinery Co.—the country's sole refinery—announced plans in early April to move ahead with an expansion aimed at raising capacity to 130,000 b/d from 100,000 b/d.

JPRC said it signed a memorandum of understanding with an unnamed 'strategic partner' to carry out the $1.5 billion expansion, pending the outcome of a further study of the project. The proposed expansion would enable Jordan to meet 100% of its domestic needs for refined products, up from the current 80%. Jordan currently consumes more than 4.7 million tonnes a year of refined products, but demand is said to be rising at a rate of 22%.

Shah Deniz – II start-up 'pushed back'

Date : 24.04.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article176624.ece

First gas from the second production phase of Azerbaijan's Shah Deniz development, in the Caspian Sea, will be delayed until about 2016, field partner StatoilHydro said.

Kristian Hausken, president StatoilHydro Azerbaijan, told Reuters on the sidelines of a gas conference in Sofia that problems in setting transit conditions were behind the expected delay. He said: *"Shah-Deniz is mature to take decisions to be developed provided we see a commercial solution. And the longer it takes to get the commercial solution and by this I mean transit, the longer it is delayed in a way."*

"The challenge is to get the transit conditions that can enable Shah Deniz gas to get to Europe. When that is ready then we have a project and then we can see deliveries around 2016," he told the news agency. The second phase, estimated to cost around $10 billion, has been identified as a source of gas for the Nabucco pipeline project, aimed at diversifying Europe's supplies.

Turkey and Azerbaijan are in talks regarding the transit of the gas, but these have been delayed by demands from Ankara for a share of the gas that will pass through Turkish territory. StatoilHydro and BP control Shah Deniz, which produces around 15 million cubic metres of gas per day and has reserves of 1.2 trillion cubic metres.

A BP source said last month that the startup of the second output phase would be in 2014 at the earliest from a previous target of 2011 to 2012. *"It will not be 2011 to 2012, it will also not be 2014. It will be later, around 2016 plus or minus,"* Hausken said.

"We are at a stage where we cannot move strongly ahead without having more security in knowing which direction and how it is going to be commercialised," he added. Azeri state energy company Socar is also a partner in Shah Deniz, along with Russia's Lukoil , France's Total and Iranian and Turkish state companies.

Iraqi officials urge parliament to pass oil bill

Date : 23.04.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=75371

Senior Iraqi officials have appealed to members of parliament to pass an oil bill soon to provide the legal framework needed to attract investment in the country's oil industry.

Oil Minister Husayn al-Shahristani told that there is disagreement between various factions on certain provisions of the bill but they should 'iron out these problems' and agree on a final draft. He added that the ministry will then be able to engage potential foreign investors on a firm basis.

Thamir al-Ghadhban, an energy adviser to the prime minister and a former oil minister, told that an improved 'legal environment' is vital to stimulating investment, especially in the oil sector. The deputy chairman of the parliament's Oil and Gas Committee, Abdul-Hadi Hasani, told that so far 58 members of the parliament have signed a petition demanding a first reading of the oil bill during this legislative term.

PETFORM ANNOUNCEMENTS & REPORTS

❖ EMRA Petroleum Market Report (2008)

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/yayin_rapor/petrol/2008sektorraporu/2008sektorraporu.pdf

❖ EMRA's Board Resolution on Approval of National Transmission Network Investment Programme of BOTAS

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/mevzuat/kurul/dogalgaz/2052/2052.doc

❖ Cleaner Coal in China

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=355