PIPELINE GAS DIVERSIFICATION BECOMES REALITY

SPECIAL REPORT | DECEMBER 2020

https://eurac.tv/9R-H
The Trans Adriatic Pipeline (TAP) is the European leg of the Southern Gas Corridor, a gateway project crossing Greece, Albania, the Adriatic Sea and Italy that will transport 10 billion cubic meters a year of gas supplies from Azerbaijan to multiple markets in Europe. Four and a half years after the inauguration of construction works, on 15 November TAP started delivering gas.
Commission welcomes arrival of ‘Caspian gas’ to EU countries

TAP pipeline meets 12% of Italy’s gas demand

Bulgaria’s gas dependence on the Kremlin slowly loosens

Greece becomes ‘most important hub for alternative gas’ in Southeast Europe

TAP pipeline is bringing EU energy policy to Azerbaijan

Why Southern Gas Corridor is a chance for energy efficiency?
The European Commission welcomed on Friday (4 December) the start of the operations of the Trans-Adriatic Pipeline (TAP), the last stretch of the Southern gas corridor, thanks to which gas pumped from the Shah Deniz offshore gas field in Azerbaijan started reaching Italy.

As a key component of the 3,500 km Southern gas corridor, the TAP pipeline became operational on 15 November, according to a communique by this company, although the achievement went largely unnoticed.

Asked to comment, Commission spokesperson Tim McPhie said the EU executive “welcomes the start of operation of the TAP, which connects Greece to Italy through Albania, bringing Caspian gas to consumers in the EU”.

“The project will increase choice and competition, improve energy security and diversify gas supply, particularly in Italy, Greece and Bulgaria, as well as the South-East European region. TAP is a project of EU common interest and an important part of the Southern gas corridor”, McPhie said.

The idea of the TAP project goes back more than 10 years, when it was in competition with other pipeline projects to carry gas from Azerbaijan,
such as the now-defunct Nabucco. Russia had for years nourished ambitions to build a Poseidon pipeline in the Adriatic Sea, mirroring TAP, to bring Russian gas to Italy instead, but the project never materialised.

The actual construction of TAP started four and a half years ago, but it encountered difficulties in its final stages, with activists in Italy opposing the removal of 211 olive trees.

With the trees replanted and the local authorities appeased, the pipeline was completed on 12 October and gas started flowing on 15 November. The 878 km long pipeline connects with the Trans Anatolian Pipeline (TANAP) at the Turkish-Greek border in Kipoi, crosses Greece and Albania, and the Adriatic Sea, before coming ashore in Southern Italy.

The pipeline has a capacity of 10 billion cubic meters a year (bcm/y) and is designed with the potential to double its throughput capacity to 20 bcm/y. Shah Deniz is expected to reach peak output in 2023, around the time that TAP would also hit full capacity.

TAP’s routing can facilitate gas supply to several South Eastern European countries. Bulgaria will link to TAP via the interconnector Greece-Bulgaria (IGB), which is in its final stages of construction, and import 1 bcm/y of Azeri gas, representing around one-third of its annual consumption. Until now Bulgaria was dependent on imports of Russian gas at almost 100%.

TAP’s shareholding is comprised of British Petroleum (20%), Azerbaijan’s SOCAR (20%), Italy’s Snam (20%), Belgium’s Fluxys (19%), Spain’s Enagás (16%) and Swiss-based Axpo (5%).

The Commission has for years promoted the policy of diversification of gas supply. According to experts, the most obvious result of this policy is precisely TAP, which for the first time brings pipeline gas from the East from a source different from Russia. Other sources of diversification are mainly in the form of LNG supply to various terminals in maritime EU countries.

The Commission has promised to present details of how its policy of decreasing the dependency on Russian gas translates in figures.
Before the Trans-Adriatic pipeline (TAP) was built, Italian businesses were paying a higher price for energy compared to their European peers, says Vugar Veysalov, head of external affairs at TAP. The new pipeline, which will also supply Greece and Bulgaria, will bring greater flexibility of prices, he told EURACTIV in an exclusive interview.

Vugar Veysalov held several managerial positions in the oil and gas industry before he was appointed TAP’s head of external affairs in September 2018. He holds an MBA from the Vlerick Leuven Gent Management School and a BA Honours from the Azerbaijani University of Foreign Languages.

He spoke to Antoinette Nikolova, correspondent of EURACTIV Bulgaria, in Italy.

The TAP pipeline, bringing Azeri gas to Italy across Greece and Albania, has become reality. Can you sum up – what is the benefit of TAP for Italy?

As the European leg of the Southern Gas Corridor, TAP will bring natural gas to Europe from a new source and through a new route, thus reinforcing the continent’s security and diversification of supplies. Volumes heading to Italy (approximately 8.5 bcm/y) will represent around 12% of the national demand for gas; in South Eastern Europe, with volumes of lesser...
magnitude, the gas flowing through TAP will supply between the 20% and the 30% of the yearly gas demand of Greece and Bulgaria, respectively. Depending on market conditions we are thoroughly and constantly assessing, TAP could double its capacity to 20 bcm/y with minor modifications to the system.

**How will TAP possibly contribute for lower prices for end consumers?**

Natural gas flowing through TAP is priced without fixed link to the oil price as is usually the case with ‘take-or-pay’ contracts. In Italy for example, this could bring greater flexibility and a faster response to changes in market fundamentals with respect to current contracts feeding the Italian gas system, thus enabling a quicker recovery of businesses which still pay a higher cost of energy than their European peers.

**Can the pipeline be used by other potential suppliers?**

TAP’s initial capacity – approximately 10bcm/a – has already been allocated to the Shah Deniz shippers, in line with the gas transportation contracts signed in 2013 and under the provisions of the TPA (Third Party Access) exemption granted by the relevant regulatory Authorities.

TAP has set aside approximately 5% of the initial capacity for short-term booking. This is in addition to the already booked capacity. Short term capacity is set aside for the 25-year operating period. TAP will offer available short-term capacity to the market, as well as commercial reverse flow capacity, according to the ENTSOG Auction Calendar and the TAP Network Code, coordinated with the date for start of operations.

That said, TAP has been designed to expand to up to 20bcm/a, as and when our Market Test process concludes with binding commitments from shippers for further long-term capacity. In line with national (Italian, Albanian and Greek) and EU regulation (TAP is an Independent Transmission Operator and complies with the Third Energy Directive), any shipper who wishes to take part in TAP’s open seasons may do so, as long as they comply with the requirements for participation. All interested parties can bid for available capacity in accordance with the rules set out in these guidelines.

**How does TAP see the ‘Green Energy’ policies and how does it manage to stay in line with these EU priorities?**

Fighting climate change is the most pressing challenge of our time that requires a well-coordinated response and inclusive approach that could utilize all available technologies and solutions. TAP has a pivotal role to play in the energy transition, especially in the Western Balkans, who are heavily reliant on coal and lignite for power generation. Taking a broader look at the Europe energy landscape, where energy demand is expected to recover after the COVID-19 crisis, natural gas will continue to be a key-part of Europe’s energy mix in the years to come and, in partnership with renewables and innovative technologies, TAP will guarantee an uninterrupted energy supply to warm homes and feed businesses.

Talking about innovative technologies, hydrogen is an important element in achieving a carbon neutral future and this is something that TAP is actively monitoring. We are in the process of assessing the degree to which TAP can technically accommodate transporting a blend of natural gas and hydrogen. Especially in the case of an expansion (up to 20bcm/a), it would be important to take into account potential future demand and requirements in the design of any new equipment.
With the implementation of the IGB (Greece-Bulgaria) interconnector, Bulgaria could reduce its dependence on imported Russian gas by 50%, but the project, declared a priority more than ten years ago, continues to be delayed. EURACTIV Bulgaria reports.

Nearly two years ago, Bulgarian Prime Minister Boyko Borissov announced that the launch of the Trans-Adriatic Pipeline (TAP) should take place in “synergy” with the start of IGB, the interconnector Greece-Bulgaria, which would bring one billion cubic meters of Azeri gas per year to the country.

But at the end of 2020, it turns out that the construction of the Gazprom-favoured ‘Turkish Stream’ through Bulgaria is going much faster than the interconnector with Greece, despite the fact that Turkish is a Russian project, while the latter brings the country real diversification of supplies and, as a result, protection of national security.

In mid-November, TAP officially began supplying Azeri gas through the Southern Gas Corridor, via Greece and Albania to Italy. Bulgaria’s connection to the pipeline is under construction, but there is no official prediction of when it will start operating.

This has caused dissatisfaction in neighbouring Romania, but also in Ukraine, which also hopes to obtain gas from sources other than Russia.

Ukraine has lost billions in transit fees because Bulgaria began receiving Russian gas solely from the Turkish Stream route as soon as the pipeline reached the Bulgarian border in 2019.

The Greece-Bulgaria gas interconnector, also known as Stara Zagora-Komotini, would also allow US gas imports from LNG terminals in Greece. But the future of the 182 kilometre pipeline, which was declared a priority by Bulgaria and

Continued on Page 9
The importance of TAP is significant because it is directly related to the possibility of alternative supplies of natural gas from Azerbaijan to Europe and in particular to Bulgaria through the interconnector Bulgaria-Greece,” Ivan Hinovski, a well-known energy expert from the Bulgarian Energy and Mining Forum, told EURACTIV Bulgaria.

The 1 billion cubic meters of gas per year which Bulgaria expects from TAP represents about 33% of the country’s consumption. Separately, through the interconnector, Bulgaria could receive up to half a billion cubic meters of gas from the LNG terminal in Alexandroupoli. Thus, the country can reduce its gas dependence on Russia by up to 50%.

But it does not seem in a hurry to do so, says Hinovski.

“Unfortunately, the Greece-Bulgaria interconnector, which is key to these deliveries and which has become a field of heated geopolitical games, has been delayed too much, for which Bulgaria has been criticized by the European Commission and Romania in particular,” he says.

“For now, the expectations are that it will be ready in the second half of 2021, when natural gas supplies from Azerbaijan can be expected to start,” Hinovski commented.

The price of the gas from TAP will be negotiated on a market basis, but the contract with Azerbaijan will reflect the formula for price indexation according to generally accepted criteria.

“Unfortunately, the prices and the formula for its indexation in this contract are kept secret. But in general, today the prices of all contracts for the supply of natural gas in Europe and in the world follow the principle of monitoring the prices of international gas exchanges,” explains Hinovski.

“So personally, I do not expect any ‘surprisingly’ large deviations from the prices of previous contracts with Gazpromexport. But more importantly, in this case we are definitely talking about increasing the energy security of the country.”

According to him, Bulgaria’s relationship with TAP has been delayed for too long, which was “the goal of certain geopolitical games in the region, despite the powerful intervention of American policy.”

Hinovski says that the pace of construction of two gas pipelines currently being built in Bulgaria is beyond compare. On the one hand, Turkish Stream is breaking records, while on the other, IGB is advancing at a snail’s pace.

“Turkish Stream is being built at a record speed, which raises suspicions of reverence for Russia and protection of a number of corporate interests in Bulgaria and Russia against the background of the forthcoming expiration in 2022 of the contract with Gazpromexport for natural gas supplies,” says Hinovski.

Another obstacle that experts have warned about is the overdue liabilities of Sofia District Heating for natural gas, which already exceed BGN 148 million (€76 million). This puts at risk the payments for winter supplies from Gazprom and the issuance of a bank guarantee for the start of natural gas imports from Azerbaijan for Bulgaria from 2021.

The Azerbaijani side requires a bank guarantee for its supplies, according to the contract from 2013. And the banks set as a condition for the guarantee to solve the problem with the debts of Sofia District Heating.

With a stumbling block like Sofia District Heating, which takes natural gas from the state gas sector without paying, the implementation of a strategic project for Bulgaria is in question.

EURACTIV Bulgaria is still waiting for answers to questions posed to the country’s energy ministry.
Greek Prime Minister Kyriakos Mitsotakis (R) and Bulgarian Prime Minister Boyko Borisov (L) attend the signing event for the participation of Bulgartransgaz state-controlled company to the Alexandroupolis, north Greece, liquefied gas terminal project in Athens, Greece, 24 August 2020. [Orestis Panagiotou/EPA/EF]

Greece becomes ‘most important hub for alternative gas’ in Southeast Europe

By Theodore Karaoulanis and Georgi Gotev | EURACTIV Greece and EURACTIV.com

As the Trans-Adriatic Pipeline (TAP) became operational last month, a Greek official stated that his country had become the most important hub for gas from sources other than Russia in Southeastern Europe, also thanks to its LNG terminals.

Kostis Hatzidakis, Greece’s minister of environment and energy, hailed the start of TAP operations and said that through DEPA, the natural gas supply company of Greece, the country would start receiving gas from Azerbaijan by the end of the year.

“We look forward to the start of the delivery of commercial quantities of gas to the Greek market and specifically to DEPA under the existing gas supply contract from the Shah Deniz field until the end of the year,” Hatzidakis said.

He further argued that with this pipeline, in combination with other projects such as the Greek-Bulgarian natural gas pipeline IGB and the Liquefied Natural Gas terminal of Alexandroupolis, Greece becomes the most important transit hub for the transportation of alternative natural gas sources in Southeastern Europe.

Hatzidakis recalled that the choice of the Southern Corridor route through Greece and TAP was made by the Shah Deniz consortium in June 2013 under the government of New Democracy led by Prime Minister Antonis Samaras.

This statement can be interpreted as a compliment to his political party,
but it should be noted that during the Samaras government, which was under pressure to sell state assets, two major Greek gas companies offered for sale were acquisition targets for Russia, which ultimately failed to buy them.

Greece then changed its geostrategic course under the leftist Syriza government of Alexis Tsipras, against the background of rapprochement between Russia, a traditional Orthodox friend of Athens, and its arch-foe Turkey. Both main political parties in Greece finally made the choice to play the US card, which pushes strongly for energy sources and infrastructure diversification, away from Russian interests.

Coveted by Russia, DESFA, the Hellenic Gas Transmission system operator, was ultimately sold to a European consortium, with the Greek state keeping a minority stake. DEPA, the main Greek public gas company, is now split in two (a commercial and an infrastructure company) and is under bid for sale within the next months.

“This is a historic moment for both the Greek and the regional energy market, as the National Gas System is interconnected with one of the largest gas markets in Europe, that of Italy, also connected to Northern Europe through Switzerland and of Germany, upgrading the role of the country in the regional energy landscape,” DESFA said as TAP was launched.

The company confirmed that the connection of the TAP pipeline with the Greek natural gas transmission system is completed, allowing the immediate supply and transfer of additional quantities of gas to the Greek market to meet the growing domestic demand.

But Greece banks on doubling the TAP capacity.

In 2021, a market test will be carried out to double the transport capacity of the TAP pipeline to 20 billion cubic meters per year. This was announced by the managing director of TAP pipeline, Luca Schieppati, at the Greek Economic Summit on 3 December.

The event hosted notable American speakers, with references to key issues that connect the two sides of the Atlantic.

Schieppati said that with the 10bcm of gas that TAP will initially carry, it can meet about a third of Bulgaria’s gas demand, as well as a quarter of Greek (1bcm) and about 12% of Italian gas demand (8bcm).

He stressed that TAP will also support market integration in Southeastern Europe through interconnections with key energy infrastructures, such as the IGB (Interconnector Greece Bulgaria) or the IAP (Ionian Adriatic Pipeline), while actively contributing to its global goal of reducing carbon emissions as well as allows the introduction of a cleaner energy source.
TAP pipeline is bringing EU energy policy to Azerbaijan

By Danila Bochkarev

The construction of the TAP pipeline could set an example of what a project developer’s role should be – to build a commercial infrastructure project while mitigating any potential environmental and social challenges, writes Danila Bochkarev.

Danila Bochkarev is Senior Fellow, EastWest Institute (Brussels). The opinions expressed in this article solely reflect the views of the author, not of his organisation.

On 15 November 2020, the Trans Adriatic Pipeline (TAP) began commercial operations.

The TAP is part of the Southern Gas Corridor, transporting natural gas to Europe from the Shah Deniz II field in Azerbaijan. Connecting with the Trans Anatolian Pipeline at the Greek-Turkish border, TAP crosses Northern Greece, Albania and the Adriatic Sea before coming ashore in Italy.

The $4.5 billion pipeline has a capacity of 10 bcm/year, potentially expandable to 20 bcm/year. It is planned that 8 bcm will be delivered to Italy and 2 bcm to Bulgaria and Greece.

The TAP pipeline project was favoured by the EU’s drive towards diversification of the sources of its energy supplies. The decrease of indigenous production and increase in consumption is leading to higher demand for imported gas.

Every new source of energy leads to more competition and security of supply. There was also a more politicised angle of Europe’s diversification strategy – Brussels is de facto practicing avoidance of new Russian gas supplies and delivery routes.

Incidentally, avoiding dependence on a particular supplier might result in creation of new potentially

Continued on Page 13
challenging dependencies. A transit through Turkey may - in certain cases - carry its own political challenges, considering recent tensions between Ankara and Brussels.

Basically, all non-Russians routes and sources of supply (such as the TAP pipeline) got a “green light” from Brussels. For example, TAP was selected - among others - as a Project of Common Interest (PCI) in 2013, 2015, 2017 and 2019 for its role in opening up the Southern Gas Corridor, a major alternative route of supply for Europe.

Being identified as a PCI four times in a row signifies the EU's solid political support for the pipeline supplemented by significant funds from the European and international institutions. For example, the TAP pipeline received 1 billion euro in loans from the EBRD and 700 million from the EIB Direct Facility. Washington also offered strong political support to the Southern Gas Corridor.

Even though more ambitious (and more political) Nabucco did not take off, natural gas from Azerbaijan has found its way to market in the framework of a more commercial project promoted by the private energy companies.

The launch of TAP pipeline is undoubtedly a significant achievement for Azerbaijan: TAP will help Baku to diversify its supplies, find new customers and capitalize on its gas reserves. It will also intensify Baku's economic and political links with the European Union. Increased ties with Brussels might however come at a price.

Strong economic ties do not preclude strong criticism of a country's foreign and domestic policies by the EU member states or Brussels as in the case of Russia. For example, when dealing with Russia, a significantly stronger energy player, Brussels has tried to leverage its position as a market for its gas even in situations where gas played no role.

Chris Miller, assistant professor of international history at the Fletcher School of Law and Diplomacy, observed that German policy today is “as tough on Russia as at any point since the Cold War.”

More specifically, Azerbaijan's energy sector is likely to be impacted by the key element of the EU energy discourse. Discussions around decarbonisation, value chain emissions, methane leakage, etc., will be “exported” to Azerbaijan, and Baku should be ready to provide a timely response to these developments.

Additionally, European carbon border adjustment mechanism, commonly referred to as a carbon border tax, will be applied to the Caspian gas exports to Europe in the immediate future. Azerbaijan should not underestimate the importance and extent of this initiative and start developing its policy and regulatory response to the EU's “green” instruments.

It is worth noting that the TAP pipeline was fortunate not to attract any serious political attention in Brussels or the EU capitals with a minor exception. The project had been contested by the 5-Star Movement, one of the parties in the ruling coalition.

In June 2018, Italy's environment minister Sergio Costa told Reuters the project was "pointless". The TAP has its dose of adrenaline, but its challenges never rose to the level of a geopolitical chessboard.

The “political waves” across the EU were surprisingly low, at least on the surface. The project developer had mostly to deal with construction and environmental issues and not to address political criticism and adverse regulatory changes, or respond to unjustified accusations.

For example, when the European Commission amended in 2018 the Gas Directive under the guise of harmonizing the rules (applicable to offshore gas import pipelines), the outcome was clearly meant to address only one single project (Nord Stream 2), reflecting the EU's geopolitical preferences rather than any real need to iron out market distortions.

The TAP developers were able to realise a technically challenging project with pipeline crossing the mountains and the Adriatic's seabed, and successfully avoid major social conflicts.

The construction of the TAP pipeline could set an example of what a project developer's role should be - to build a commercial infrastructure project, while mitigating any potential environmental and social challenges.

Unfortunately, there are enough examples of European infrastructure projects, where the developer has been made the canvas on which the commercial reality of a market is being painted in broad strokes as a geopolitical rivalry.
The construction of a $40 billion project of the “Southern Gas Corridor” is completed, a 25-year gas supply contracts with European buyers are in force, and a new energy efficiency law is ready to be adopted by the Milli Majlis, the Parliament of the Republic of Azerbaijan.

Bilyana Chobanova is the EU4Energy Project Manager at the International Energy Charter.

Oleksandr Antonenko is the Head of the Energy Efficiency Unit at the International Energy Charter.

Now, new opportunities arose for the energy-rich country that has evolved from a struggling newly independent state to a major regional energy player over the last two decades.

The Southern Gas Corridor project primarily targets the export of gas from Stage 2 Shah Deniz field. The new gas corridor can deliver six billion cubic meters per annum (bcm/a) of gas to Turkey and further ten bcm/a to the EU market via the Southern Caucasus, Trans-Anatolian (TANAP) and Trans-A

Continued on Page 15
Adriatic (TAP) pipelines in a route known as the Southern Gas Corridor.

The new pipeline and the 25-year contract will not only bring affordable and competitive Caspian gas to the EU market but also diversify the existing energy routes and increase the European energy security. But why does energy efficiency become so crucial for Azerbaijan, especially for this historical moment of commencing the operation of the long-awaited pipeline?

An in-depth review of the energy efficiency policy conducted by the Energy Charter Secretariat in 2019 provides a straightforward answer to this question – the natural gas savings as a result of energy efficiency measures can be a reliable source for gas export.

The “Strategic Road Map on Public Utilities”, adopted in December 2016, stipulates that natural gas saved as a result of increased efficiency of electricity generation plants should be exported through TAP and TANAP. Indeed, the study identifies that the potential energy savings in the energy sector only can reach up to two bcm or 20% of the planned natural gas export to the EU using the new pipeline system. However, other sectors of the economy can also provide substantial natural gas savings that can be exported using the Southern Gas Corridor after the adoption and the implementation of the new energy efficiency law.

The new Law on Efficient Use of Natural Resources and Energy Efficiency of Azerbaijan has already passed the inter-ministerial consultation and is currently at the final stage of adoption at the Parliament. After adopting the law, the Ministry of Energy will have only six months to submit its first National Energy Efficiency Action Plan (NEEAP) for the President’s approval and up to one year to develop and implement all envisaged energy efficiency policy instruments. Thus, the Ministry has already mobilised its resources and asked the international donor community to assist the country with the implementation of the requirements of the new law.

A broader analysis conducted by the Government of Azerbaijan in cooperation with the EU-Funded EU4Energy project also identifies that gradual increase of energy efficiency in all sectors of the economy during 2021-2025 can bring the following cumulative benefits for Azerbaijan:

- Savings of natural gas: 5-4.2 bcm;
- Increased export revenue: $666-787 mln;
- CO2 emissions reduction: 4-10 MtCO2;
- Reduction of budget subsidies: $491-981 mln;
- New investments: $2,460-3,389 mln;
- Creation of new jobs: 118-123 thousand.
The above benefits are neither abstract nor hypothetical figures, but carefully calculated data as a part of the modelling and development of the first NEEAP of the country for the next five years. Luckily or not, the NEEAP is not overambitious, and the international donor community have already expressed some concerns that the proposed energy efficiency targets are not high enough.

For example, the NEEAP envisages that at least one year – 2021 – would be necessary to develop, adopt and implement supply-side policy instruments, and at least two years – 2021-2022 – to create and enforce demand-side policy instruments. As a result, no significant savings can be expected during the first two years of the Plan. The latter relates to the fact that the energy efficiency policies in Azerbaijan are at a very initial stage of development, and the country requires extra time, efforts and assistance to build national capacity and implement new policy instruments.

The future will show what approach is better for Azerbaijan – the realistic and relatively easy to achieve EE target, especially during the implementation of the first NEEAP, or setting more ambitious targets and streamlining more state efforts and resources to implement them.

In the end, the European practice indicates that there is a direct correlation between the potential energy savings and the efforts of the Member States. Everything is possible if there are the right motivation and regulations at the top and implementation levels of the state. As for Azerbaijan, the country has a unique opportunity to boost its export using the saved energy while preserving precious natural resources for future generations and fulfilling international climate change targets at the most efficient way.

In addition to the benefits mentioned above, the proposed NEEAP would contribute more than 50% of the remaining net annual emissions reduction (8.6 MtCO2) required to meet the official 2030 INDC target of Azerbaijan.

Indeed, in October 2016, the Milli Mejlis ratified the Paris Agreement with the country’s commitment to reduce GHG emissions by 35% in 2030. Thus, the NEEAP can be the first national document that confirms the highest cost-effectiveness of energy efficiency measures for achieving environmental and climate change goals and international commitments of Azerbaijan.

For example, the NEEAP confirms that measures related to the adoption of new tariff policy, eco-design, labelling and other horizontal measures are the most cost-effective instruments. These measures can help the country to achieve energy savings at the lowest costs of $0.03-0.06 mln per 1 ktoe of saved energy.

In the same manner, the NEEAP identifies cost-effective measures for energy supply, transport, industry and agriculture sectors that can deliver savings at $0.21 – 0.46 mln per 1 ktoe. In comparison, the thermal renovation of old residential and public buildings may costs the Government as much as $10.44 – 10.88 mln per 1 ktoe of saved energy. However, the latter policy instruments can create the largest number of new jobs comparing with neighbouring countries have been long enough a stumbling point hindering the implementation of energy efficiency projects in Azerbaijan.

At the same time, the potential export of saved energy using the new pipeline is a win-win situation for all parties – the involved states, companies and citizens, including the EU. Low energy prices on the national market comparing with neighbouring countries have been long enough a stumbling point hindering the implementation of energy efficiency projects in Azerbaijan.

However, the launch of the Southern Gas Corridor provides the country with new momentum, decreases the payback period and increases the profitability of potential energy efficiency projects. This can also be considered as an opportunity for the EU that has officially adopted the block’s target to become climate-neutral by 2050 and declared decarbonisation to be one of its priorities.

The only question is how far the European Union is willing to promote its targets to the Union’s Neighbourhood Policy and to support the implementation of energy efficiency policies by the Governments of energy-rich countries, like Azerbaijan.
From London to... the Amsterdam Metropolitan Area

Contact us

Teresa DOMINGUEZ
EU Affairs Manager
teresa.dominguez@euractiv.com
tel. +32 (0) 47 601 78 26

Georgi GOTEV
Senior Editor
georgi.gotev@euractiv.com
tel. +32 (0) 499 528 725