



# About the architecture of common gas market of Eurasian economic Union

Geneva, 2016


# Eurasian economic Union (EEU)





Since 12.08.2015

С 02.01.2015 г.


 + Republic of Armenia


 Republic of Belarus


 Republic of Kazakhstan

 Russian Federation

С 01.01.2015 г.


 Republic of Belarus

 Republic of Kazakhstan


 Russian Federation

 Republic of Armenia

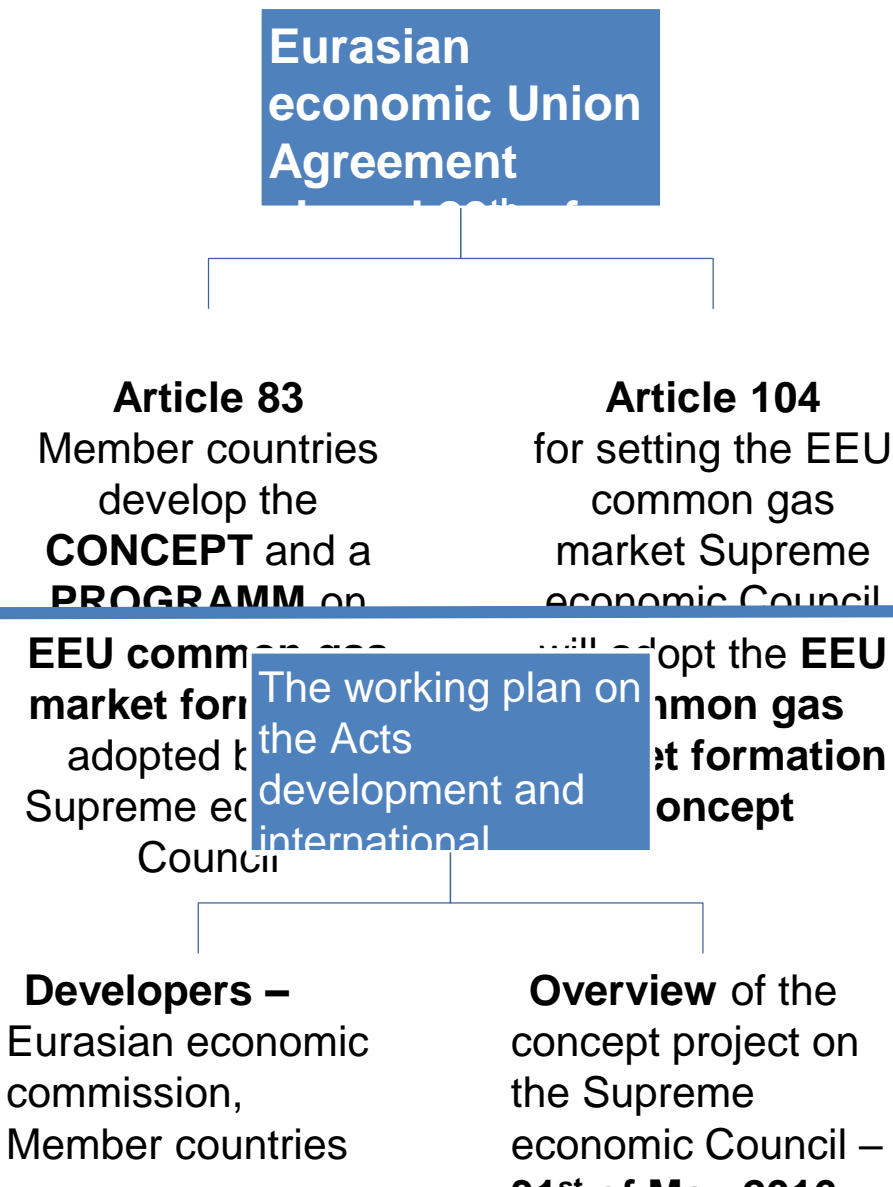
 Republic of Belarus

 Republic of Kazakhstan

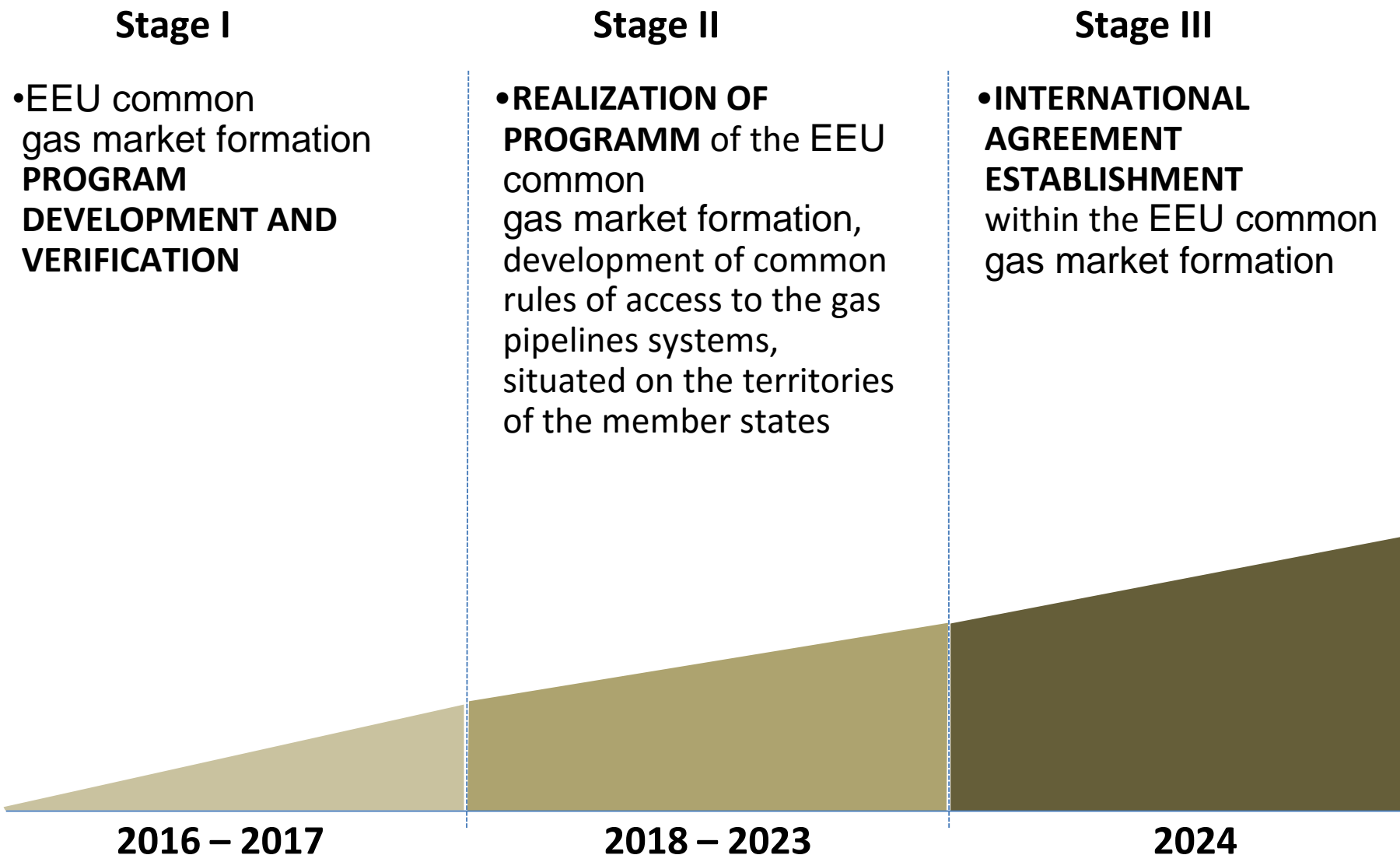
 + Republic of Kyrgyzstan

 Russian Federation

# Basis for the development of the EEU common gas market formation concept



## EEU common gas market formation stages



**The increase in energy security of the member states**







**The increase in reliance , affordability and quality of the household gas supply within the member states**

**The increase in economic efficiency of gas pipelines systems use within the member states**

# EEU major Indicators of the gas field in 2015

bln. cubic m.

## Indicators

						
	Republic of Armenia	Republic of Belarus	Republic of Kazakhstan	Republic of Kyrgyzstan	Russian Federation	EEU
<b>Gas reserves</b>	-	3,0	1 500,0	6,0	32 600,0	34 109,0
<b>gas extraction</b>	-	0,2	45,7	0,03	633,4	679,3
<b>Gas Export (overall)</b>	-	-	12,7	-	192,4	205,1
<b>Gas export to the third countries</b>	-	-	3,9	-	169,1	173,0
<b>Gas Import (overall)</b>	2,3	18,8	5,8	0,2	8,7	35,8
<b>Gas Import to the third countries</b>	0,4	-	3,2	-	-	3,8
<b>Domestic consumption of gas</b>	2,3	19,0	12,1	0,2	444,3	477,9
<b>main gas pipeline, thousands km</b>	1,7	7,9	14,9	0,7	175,0	200,2

# Mutual trade of gas 2015



- ✦ **NON DISCRIMINATORY ACCESS** of participants of EEU common gas market
- ✦ creation of the positive environment for **FAIR COMPETITION** between the participants of EEU common gas market
- ✦ **TRANSFER TO THE MARKET MECHANISMS OF PRICE FORMATION** for gas on common market of the EEU
- ✦ creation of the positive environment **INVESTMENT WISE FOR THE DEVELOPMENT OF GAS PIPELINES SYSTEMS** of Member States, Including **COMMON PROJECTS**;
- ✦ **NON DISCRIMINATORY AND TRANSPERANT DISTRIBUTION** of **FREE CAPACITY IN PIPLINE SYSTEMS** between the participants of the common gas market of the EEU according to the **COMMON RULES FOR GAS PIPELINES SYSTEMS ACCESS** within the member states of the EEU
- ✦ **UNIFICATION OF NORMS AND STANDARDS ON GAS** of the Member States for the **TECHNICAL DOCUMENTATION**, regulating the functioning of gas pipelines systems within the Members States.



EEU common gas market formation according to:

- main **PRINCIPLES OF EEU COMMON ENERGY MARKET FORMATION**, point 1 Article 79 of the Agreement,
- **MAIN PRINCIPLES OF EEU COMMON ENERGY MARKET FORMATION**, point 3 Protocol on Gas (Application No. 22 to the Agreement).

- ✦ Ensuring **MARKET PRICE FORMATION** on energy resources
- ✦ Ensuring the **DEVELOPMENT OF Competition** on the common markets of energy resources
- ✦ **Absence** of technical , administrative and others **BARRIERS OF TRADE** of the energy resources, appropriate equipment, technologies and the relevant services
- ✦ Providing **TRANSPORT INFRASTRUCTURE DEVELOPMENT** of common energy resources markets
- ✦ **ENSURING NON DISCRIMINATORY CONDITIONS** for economic entities of member states on the common energy resources markets
- ✦ enabling environment for **INVESTMENTS ATTRACTION** in the energy complex
- ✦ **HARMONISATION OF NATIONAL NORMS AND RULES** on functioning of technological and commercial infrastructure of the common energy resources markets
- ✦ NON-use in mutual trade of **IMPORT AND EXPORT CUSTOMS DUTIES** (other duties, taxes, etc.)
- ✦ **SUPPLY OF THE INTERIOR DEMAND** in gas of Member States
- ✦ **PRICES AND TARIFFS ON THE GAS TRANSPORTATION SERVICES** for the efficient use within the Member States **THAT ARE MADE ACCORDING TO THE LAWS OF MEMBER STATES**
- ✦ **UNIFICATION OF NORMS AND STANDARDS ON GAS** of the Member States
- ✦ **ENSURING OF ENVIRONMENTAL SAFETY**
- ✦ **INFORMATION EXCHANGE** based on information of domestic consumption of gas

**THE  
SUBJECTS OF  
MARKETS**

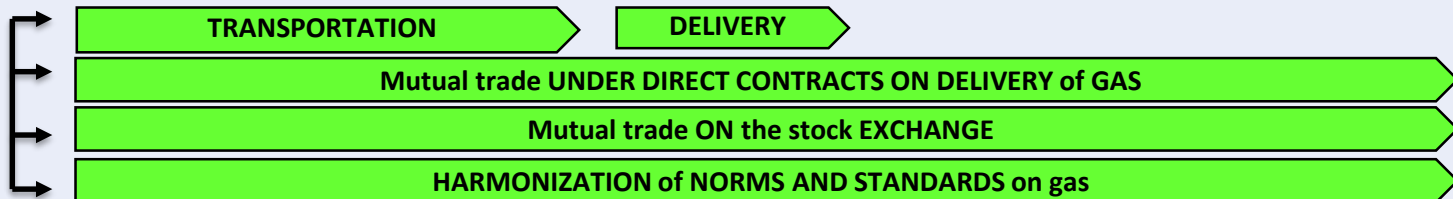
**The PARTICIPANTS of the COMMON MARKET of GAS** – the gas SUPPLIERS and gas CONSUMERS and, if necessary, authorised by a member state for the supply and (or) purchase of gas for common gas market of the Union

**INFRASTRUCTURAL ORGANIZATION OF THE COMMON MARKET OF GAS**

**OPERATORS**  
gas transmission systems

**OPERATORS**  
exchange trading

**IN THE FUNCTIONING  
OF THE MARKET  
ACTIVITY WILL BE  
CARRIED OUT  
IN THE FOLLOWING  
AREAS:**



**PROVIDES FOR THE  
REGULATION**

regulation of activity of  
subjects of natural  
monopolies in the  
sphere of  
transportation

antitrust  
regulation

customs and tariff  
regulation

technical  
regulation

regulation of  
stock trading

**ENSURES  
OPERATION**

Development of  
normative legal acts of  
member States and acts  
of Union bodies,  
governing a common gas  
market of the Union

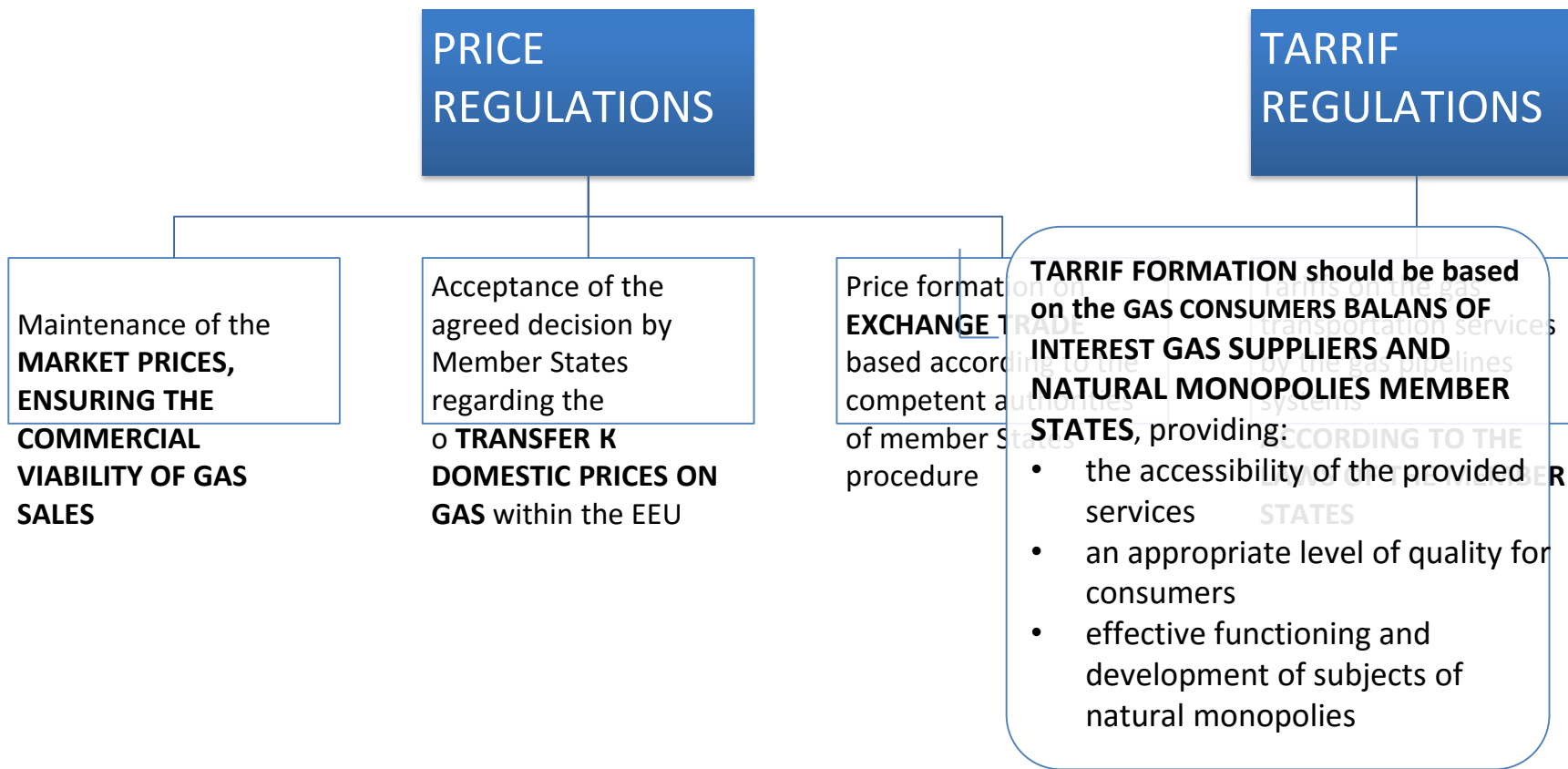
Development of  
indicative  
(forecast)  
balances of gas  
Union

Coordinating the  
activities of  
operators of  
transport  
systems

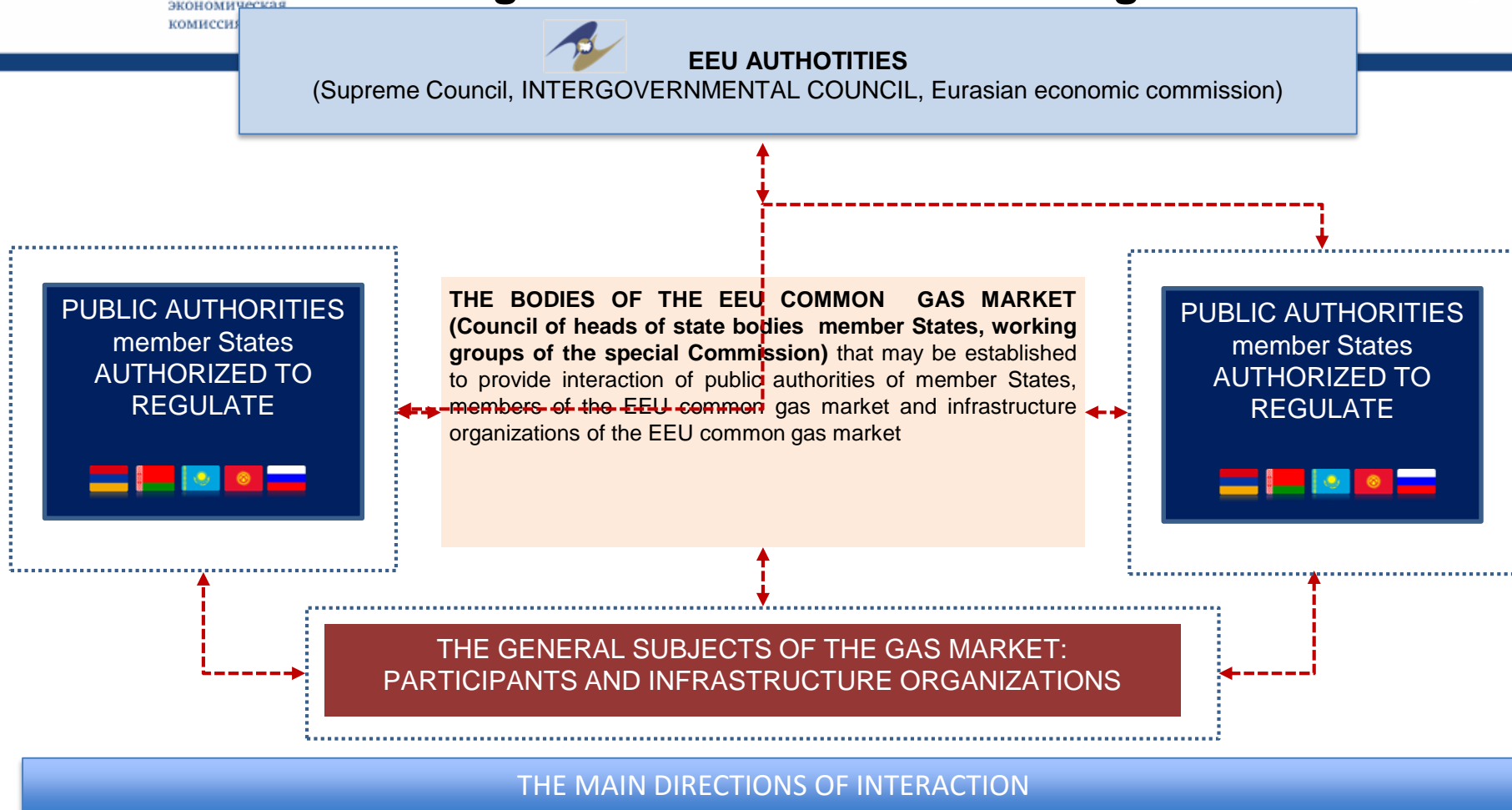
Coordinate the  
implementation  
of joint projects  
of interstate  
special regulators

Analysis of data for  
monitoring the  
functioning of the  
common gas market  
of the Union

# Price formation mechanisms on the EEU common gas market



# Regulation of the EEU common gas market



- development of **NORMATIVE LEGAL ACTS** of MEMBER STATES and **ACTS** of the bodies of the EEU governing a common gas market of the EEU
- development of **INDICATIVE (FORECAST) BALANCES** of GAS EEU
- **HARMONIZATION** of **LEGISLATION** of MEMBER STATES in the field of transportation and delivery of gas
- **ANALYSIS** of **DATA** for **MONITORING** the functioning of the common market of the EEU
- **THE APPLICATION** OF **UNIFORM RULES** OF **ACCESS** TO **GAS TRANSPORTATION SYSTEMS**

## Stage I

- **THE HARMONIZATION OF LEGISLATION** of member States in the field of regulation of the common market of gas
- **ENSURING AVAILABILITY AND completeness of DISCLOSURE of INFORMATION** about available capacities of gas transmission systems
- **UNIFICATION OF NORMS AND STANDARDS ON GAS** for gas and gas transmission system
- the establishment of **INFORMATION EXCHANGE**
- development and approval of **UNIFORM RULES of ACCESS TO GAS TRANSMISSION SYSTEMS**
- the establishment of an **AGREED EXERCISE OF STOCK TRADING** gas in the total gas market
- the formation of the **INDICATIVE (PREDICTIVE) GAS BALANCE** of the Union
- **IDENTIFICATION OF INFRASTRUCTURE CONSTRAINTS** in the transportation of gas between member States, development of proposals on their elimination

**2016 – 2017**

## Stage II

- the **FUNCTIONING** of one or more **COMMODITY EXCHANGES** on the territory of the Union
- **ENSURING NON-DISCRIMINATORY ACCESS TO TRADING** gas
- **ACCESS TO GAS TRANSPORTATION SYSTEMS**
- **THE USE OF DIFFERENT MECHANISMS**, including long-term applications of gas suppliers, for the **DEVELOPMENT OF CAPACITIES OF GAS TRANSMISSION SYSTEMS**
- **AN INCREASE IN INVESTMENT ACTIVITY**, including through the implementation of joint infrastructure projects
- **CONSULTATION** of member States on the transport and supply of gas to third countries in areas in which member States compete or may potentially compete with each other

**2018 – 2023**

## Stage III

- **THE ENTRY INTO FORCE OF AN INTERNATIONAL TREATY** within the Union about forming a common gas market of the Union
- **TO ENSURE FREE OF GAS SUPPLY** in required volumes and flows
- **THE MAINTENANCE OF MARKET PRICES, ENSURING COMMERCIAL PROFITABILITY OF GAS SALES**
- the adoption of agreed decisions on the **TRANSITION TO EQUALLY PROFITABLE GAS PRICES** on the territories of the States members

**2024**

The decision to transition to the next phase and its content are made of the Supreme Eurasian economic Council on the basis of the agreed proposals of member States

Thank you for your attention.

Questions?

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