



Impact of diversification on consumer prices

Greg Pytel

Partner, Futurisk LLP

Senior Policy Expert, Sobieski Institute

Member of Advisory Panel, The European Resource Centre for Shale Gas, Tight Gas and CBM

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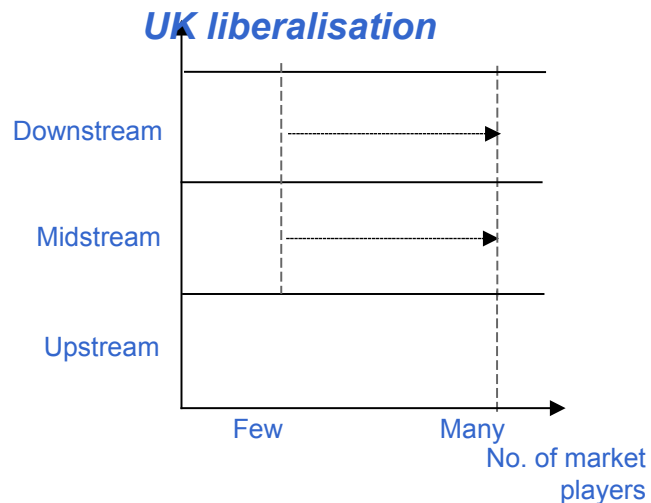
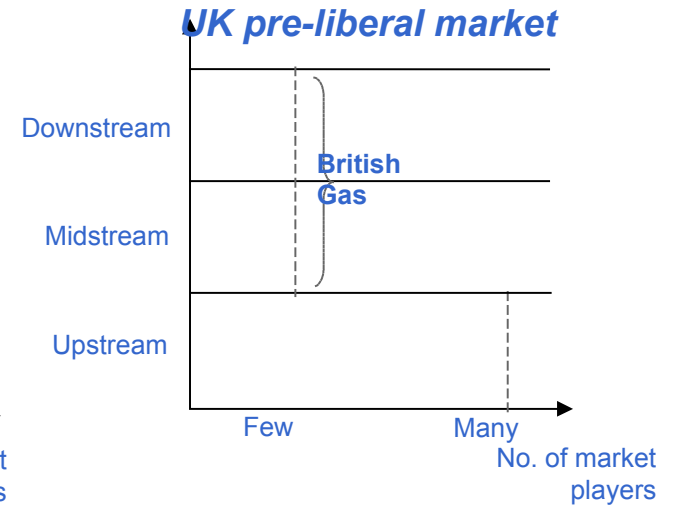
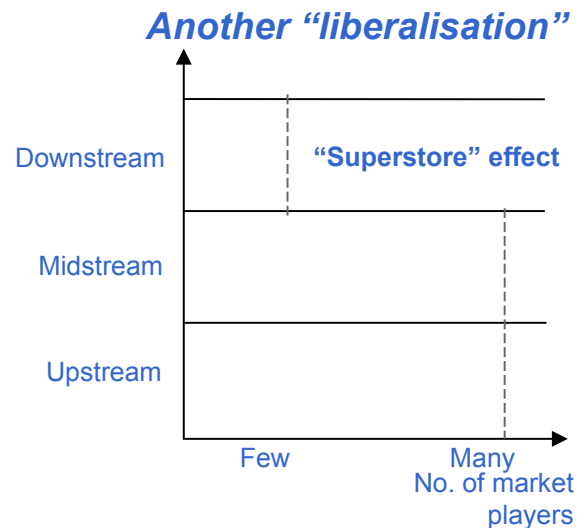
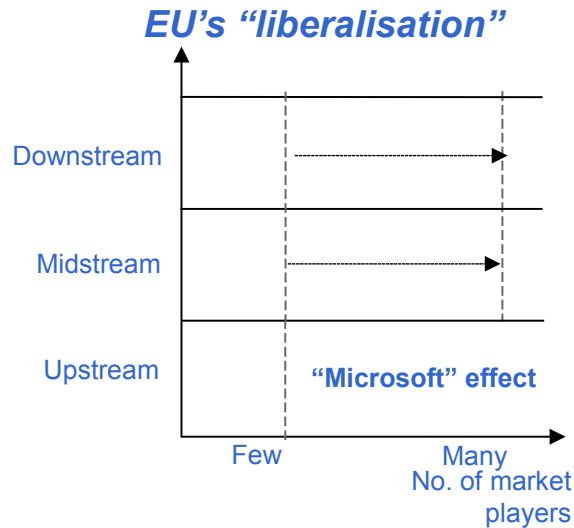
Futurisk LLP – for safer future

- ✓ strategic risk advisory
- ✓ understanding above ground risks
- ✓ from local to global and... back
- ✓ Advisory Board: Raj Gupta, Prof Alan Riley
- ✓ Partners: Greg Pytel, Dr Sergiusz Trzeciak
- ✓ number of senior advisers involved (diplomacy, executives)

Diversifications dimensions

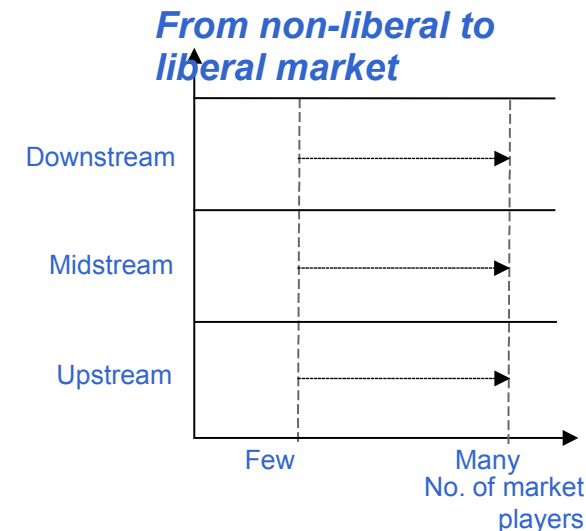
- ✓ **security:** risk of supplies interruptions
- ✓ **price:** risk to competitiveness of economy
- ✓ **outlook:** short term v long term
- ✓ **capacity:** virtual v physical settings
- ✓ **trading:** tradition, experience, know-how

How market works? (1)

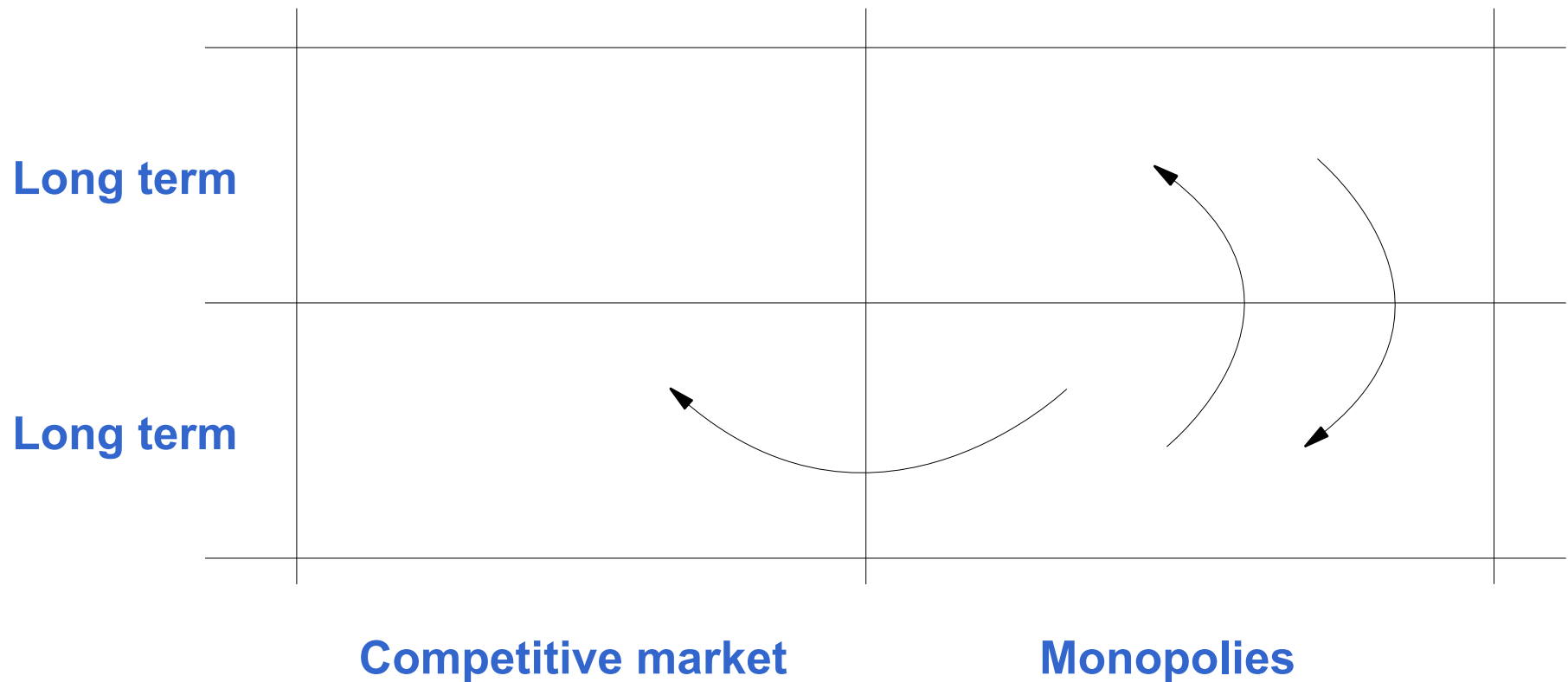


"Bottleneck" Lemma

A market is as liberal as the least liberal part of its value chain

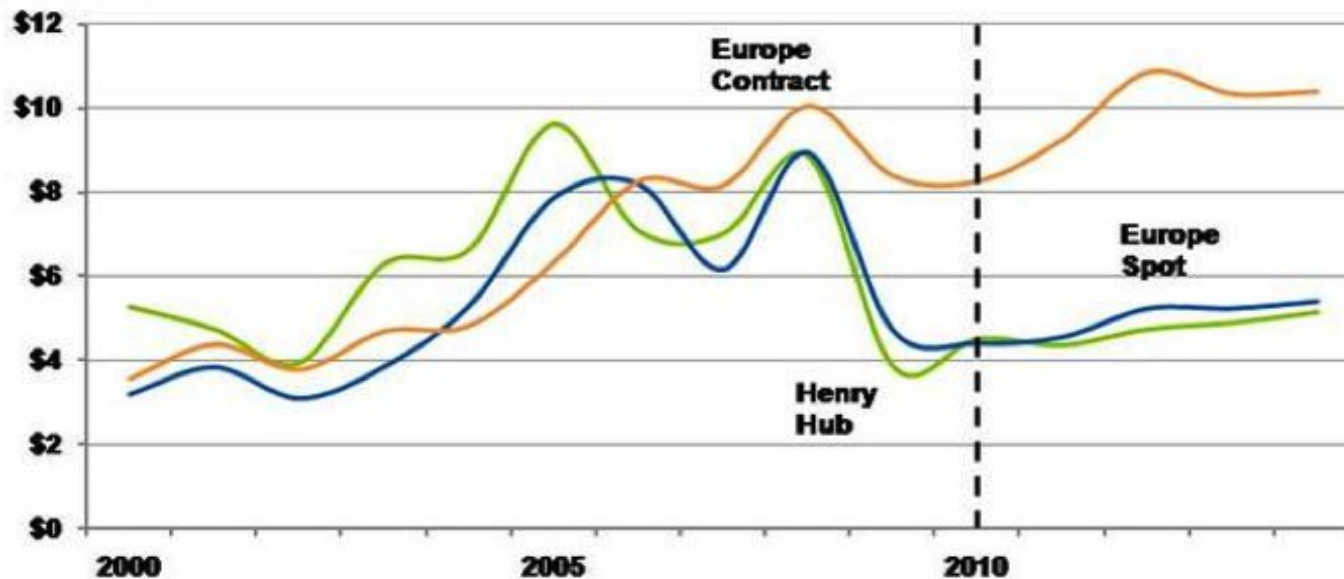


How market works? (2)



We all want that...

**Natural Gas Cost per MMBtu
2008 USD**



Source: PIRA

... but what about long term?

CEE: market potential

Demand:

Finland: 9 bcm/y

Sweden: 1 bcm/y

Lithuania: 4 bcm/y

Poland: 15 bcm/y

Czech Rep: 9 bcm/y

Slovakia: 6 bcm/y

Austria: 9 bcm/y

Hungary: 12 bcm/y

Bulgaria: 3 bcm/y

Total: 68 bcm/y

Remaining EU countries: ~400 bcm/y

Supply Russia: ~150 bcm/y

CEE needs North-South supply trunk line – Extended Reversible Nabucco?



source: The Economist



Conclusions

Long term v short term interests

Economy of scale v competition

Consumers' v producers' interest

Integrating markets: building scale in CEE

Joined-up thinking

...some forward planning



Thank you for your time
Questions?

g.pytel@sobieski.org.pl