

Russia 'Closely Watching' EU Shift to Green Energy

By [The Moscow Times](#)

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BRUSSELS — Moscow is "closely watching" Europe's shift to renewable energy and foresees continued demand for gas to balance fluctuations in green energy output, Energy Minister Sergei Shmatko said Monday.

The 27-country European Union relies heavily on Russian gas supplies to heat and power the homes of its 500 million people, but aims to increase the share of renewable energy to 20 percent over the next decade, putting its overall needs in question.

"We've been closely watching the rigor with which Europe has been supporting renewables," Shmatko told reporters ahead of a meeting with EU officials Monday.

"Wind and solar will always need a balancing source of energy, and this is a spot where gas generally fits quite well," he added, speaking through an interpreter. "We can increase or decrease load as demand fluctuates."

Moscow is keen to get a picture of future demand in Europe, its biggest export market.

But analysts say that is a tough task amid current economic uncertainty, with Greece and Ireland needing foreign financial assistance and other countries making deep spending cuts to help them cope with Europe's deepest economic crisis in 80 years.

Some analysts say giant pipeline projects to bring gas to Europe, such as South Stream and Nabucco, will not be needed for another decade.

The European Commission estimated this month that dependency on gas imports from countries such as Russia, Norway and Algeria would increase from about 60 percent today to reach 73-79 percent of gas consumption by 2020 and 81-89 percent by 2030.

"We expect an increase in European gas imports until at least 2030," EU Energy Commissioner Guenther Oettinger said at the EU-Russia energy meeting.

Officials from both sides agreed to work together to build a shared vision of future gas markets.

Oettinger said any future import pipelines would have to comply with Europe's demand that gas markets are opened to increasing competition and small suppliers get increased access.

"That means competition and unbundling," Oettinger said. "We are ready to combine different interests ... as was to be seen with the Yamal pipeline [into Poland]."

"South Stream is a project with much importance," Oettinger said, referring to the Gazprom-led project to bring 63 billion cubic meters of gas to central and southern Europe in the future.

"It's not in my interest to block it, but it's in my interest to combine it with European regulations," he added.

Shmatko said in a speech that European demands to liberalize energy markets could cause problems for investors in infrastructure, with some efforts likely to cause damage to investors and slow the development of energy projects throughout Europe.

Shmatko also said the EU is pursuing "too much" of a policy of energy sources diversification and assured that his country can provide "good and economically viable" supplies.

"Obviously Europe is looking for new routes of supply and new sources," Shmatko said. "And we of course understand that this is a fair approach by the EU to minimize any external risks. However, we would still like to point out that any diversification means additional costs to you," he said.

(Reuters, Bloomberg)

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