

Minister Seeks Exemption From EU Energy Package for South Stream

By [Howard Amos](#)

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A worker smoking in Portovaya Bay during a 2010 ceremony marking the start of construction of the Nord Stream pipeline. An updated Russian proposal arguing that the functioning Nord Stream pipeline and the planned South Stream pipeline should receive special treatment will be submitted at the Russia-EU Summit in Brussels next week. **Dmitry Lovetsky**

Correction appended

Gazprom's \$12.7 billion South Stream gas pipeline should be exempted from the European Union's third energy package, Russian Energy Minister Alexander Novak said Friday.

An updated Russian proposal arguing that the functioning Nord Stream pipeline and the planned South Stream pipeline should receive special treatment because they straddle both EU and non-EU countries will be submitted during the Russia-EU Summit in Brussels next week.

The first proposal of this kind was made by Russia earlier in 2012, Novak told reporters.

The EU's third energy package seeks to liberalize the continent's gas market by splitting companies' production and retail operations from their transmission networks.

The South Stream pipeline, which will pass under the Black Sea and bypass Ukraine, could supply central and southern Europe with up to 15.5 billion cubic meters of gas annually. Russia has repeatedly accused Kiev of being an unreliable energy transit partner.

"The status of projects like South Stream and Nord Stream is completely different from the status of pipeline projects within Europe," Novak said.

The South Stream will run through countries, including Russia and Serbia, that are not members of the EU, he added.

Novak was speaking two days after a meeting with European Union Energy Commissioner Gunther Oettinger in Cyprus, and a week after Russia officially launched the first phase of South Stream construction near Anapa on the Black Sea coast — a ceremony that Oettinger did not attend.

While Gazprom announced that a final investment decision on the South Stream was made last month, the European Union has since questioned Russian certainty that the project will go ahead.

A final route for the pipeline has yet to be submitted to Brussels and obligatory environmental assessments have not been completed, an EU spokesman said on Dec. 8, Radio Liberty reported.

There will be a meeting about the third energy package between representatives from the European Commission, the Russian Energy Ministry, German market regulators and affected companies next week, Novak said.

The Russia-EU Summit on Dec. 21 will be attended by President Vladimir Putin, the Kremlin said on its website Friday. The EU delegation will include European Council President Herman Van Rompuy and European Commission President Jose Manuel Barroso.

The third energy package is not the only issue facing Gazprom in Europe. The European Commission is currently investigating the gas giant over possible antitrust legislation violations.

And Novak also said that the Energy Ministry was in the final stages of examining a request from independent gas producer Novatek to be allowed to export liquefied natural gas from its fields on the Arctic Yamal Peninsula.

If Novatek's request is granted it will be the first sign of a crack in Gazprom's highly lucrative natural gas export monopoly.

Novatek co-owner Gennady Timchenko said in an interview last month that the company was capable of selling its gas abroad without the participation of Gazprom.

"The appropriate decision and proposal will be completed in the near future," Novak said.

Correction: An earlier version of this story incorrectly stated that the South Stream pipeline's capacity would amount to up to 15.5 billion cubic meters per year. In fact, it is projected to total up to 63 billion cubic meters.

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