



South Stream Project

Roberto Gregori

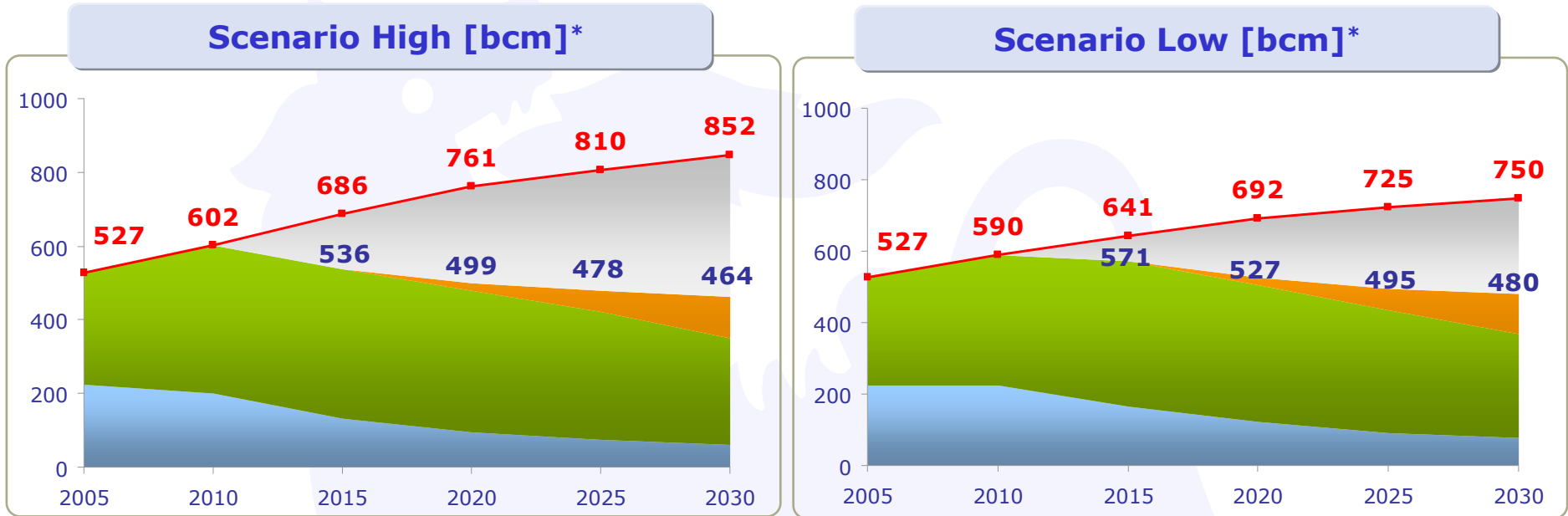
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**UNECE Energy Week “Investing in Energy Security”
16th Session Committee on Sustainable Energy and Related Meetings
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EU27 Gas demand/supply outlook to 2030



■ EU27 production
 ■ Contracted imports
 ■ Possible prolongations
 ■ To be identified
 —■— Gas demand

Basic assumptions

• GDP rate 2% avg./ stable population / Kyoto targets compliance

High

- Oil price 50 \$/bbl nominal avg. (2010-30)
- Sharper decline of indigenous production

Low

- Oil price 60 \$/bbl or above
- Stronger penetration of renewables and energy-saving technologies
- Postponed phase-out of nuclear plants

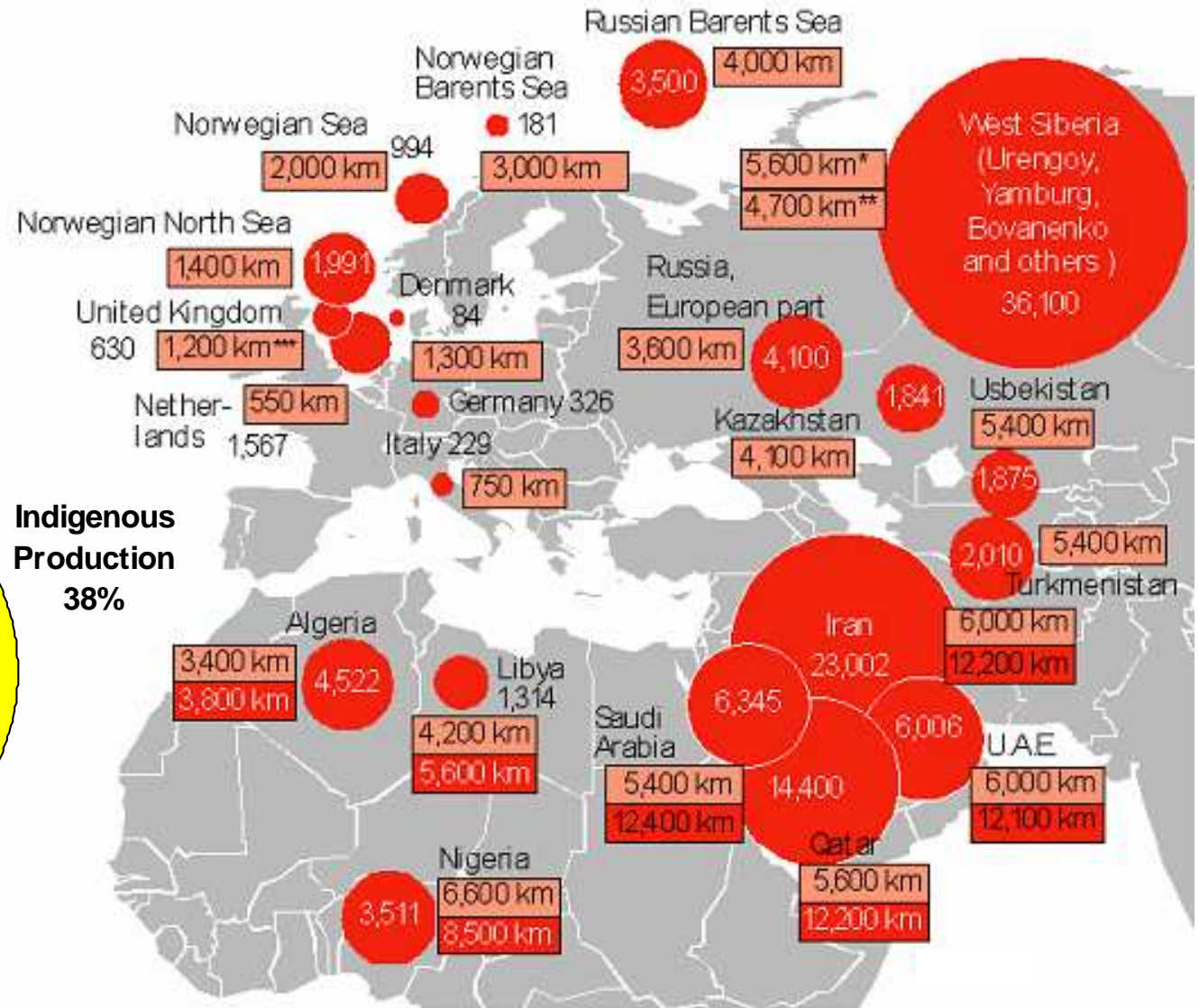
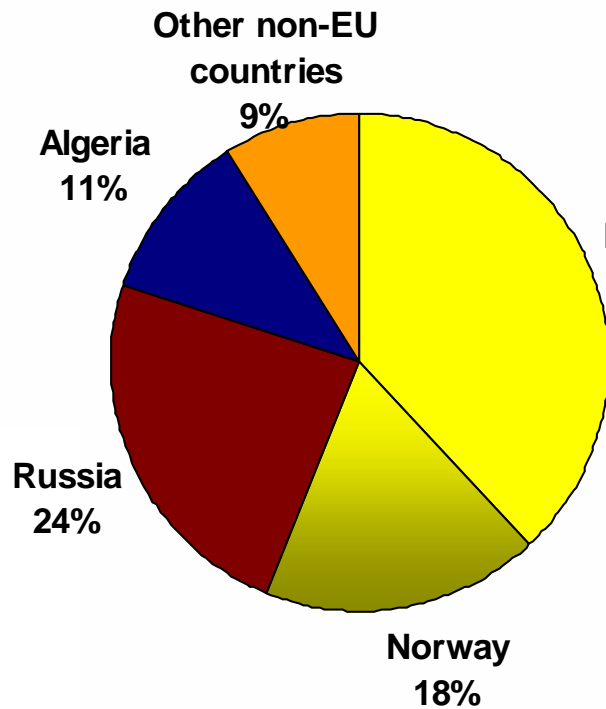
** Gross calorific value 39 MJ/mc

** Included imports from Norway

Source: Eni analysis

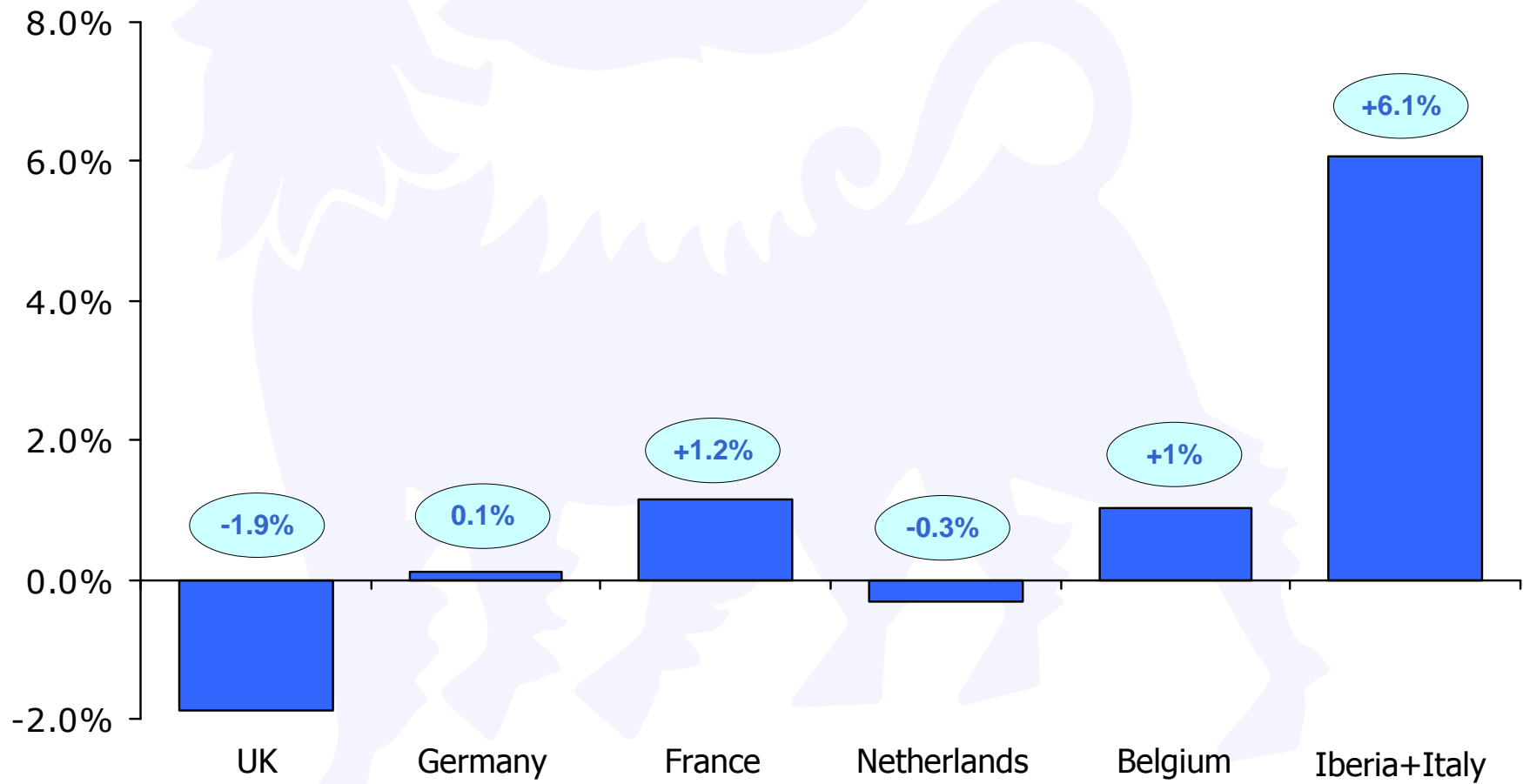
Gas resources are increasingly distant, and Europe is very dependent on external supply

EU27 Total Natural Gas Supplies in 2006: 524 Bcm



Divergent Growth Rates

CAGR in Gas Demand from 2003 to 2006



An Integrated Win-Win Deal



UPSTREAM

Access to Russian E&P

Access to Eni's projects

Use of Eni's E&P and pipeline technologies

Joint development of LNG projects

South Stream Project

Strategic Partnership Agreement

DOWNSTREAM

All gas contracts extended to 2035

Gas sales directly in Italy (upto 3bcm from 2010)

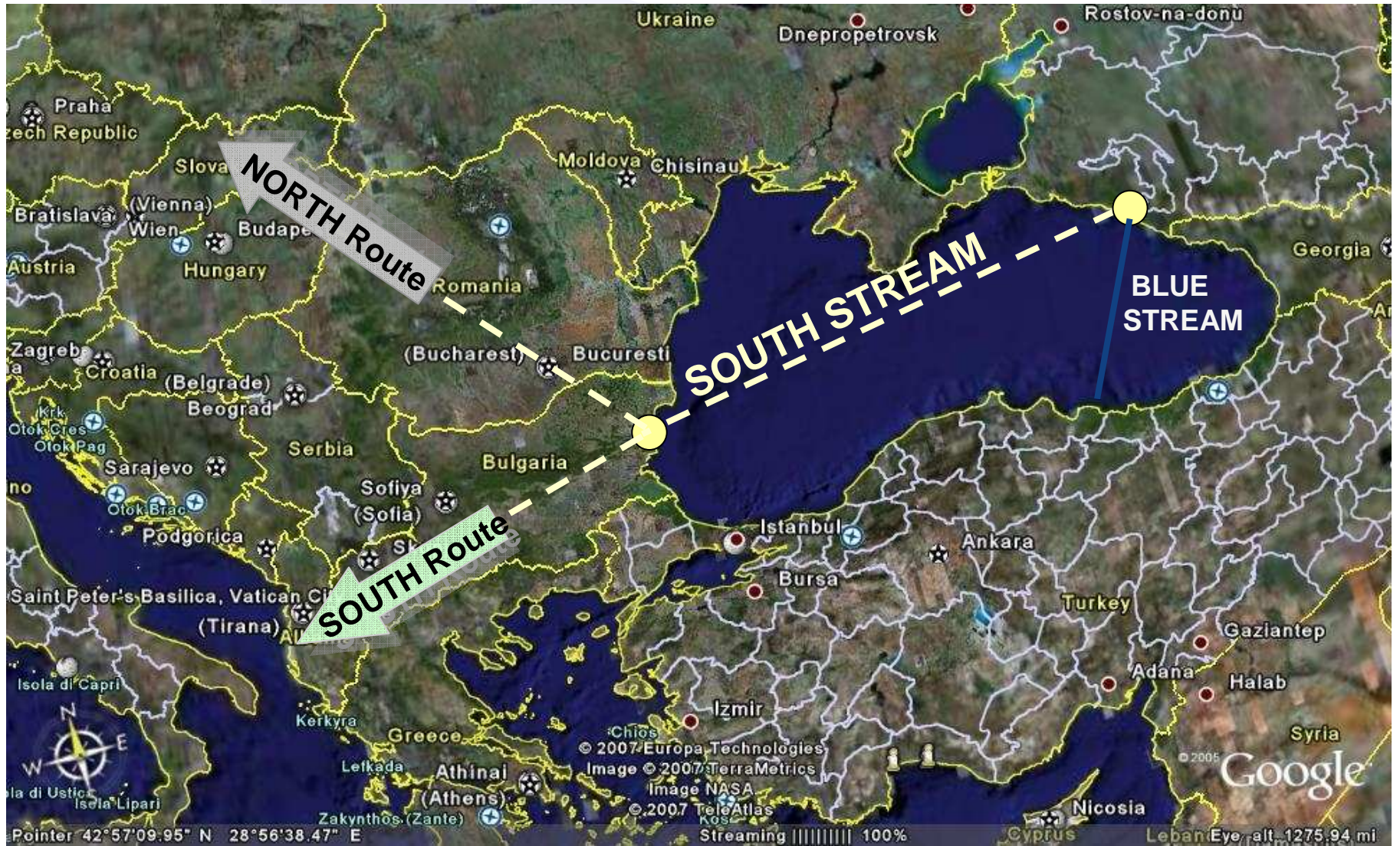
Access to Eni's projects



South Stream Project

- ✚ A further step in the implementation of the Eni-Gazprom Agreements
- ✚ New pipelines from Russia to EU across the Black Sea
- ✚ Transport capacity will be defined through technical and market analysis
- ✚ More than 900 km in the off-shore section, reaching a depth of more than 2000 metres
- ✚ Routes under evaluation for the on-shore section from Bulgaria
- ✚ Use of most advanced technologies available, in the utmost respect of environmental safeguard requirements

South Stream: Route Map



South Stream: a European Project

- ✚ Increases the Gas import capacity towards the European Union
- ✚ Expansion and improvement of the EU Gas Transmission network
- ✚ Increases the interconnections between East and West EU
- ✚ Increases the flexibility of the European Gas system
- ✚ Project illustrated to the European Commission
- ✚ South Stream Project is not meant to interfere at all with other gas projects but is complementary to them in diversifying gas routes

It is a significant step to increase European gas security of supply

South Stream: a European Project

- ✚ The project is part of the European strategy to ensure security of gas supply
- ✚ The routes are in line with the EU strategic priority axis;
- ✚ The project will contribute to the development of the gas market in the Balkan area

It is a milestone to guarantee more gas to Europe



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