



Ukraine energy security concern for rest of Europe: UK minister

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English

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Ukraine's energy security is of "obvious concern to the rest of Europe," UK Energy Minister Peter Truscott told delegates at the Adam Smith Ukrainian energy summit in London Wednesday.

In early 2006, Russian deliveries of pipeline gas were interrupted while Ukraine and Russia negotiated the price for gas in 2006. Austria, Germany, France, Italy and other countries beyond Ukraine all suffered reductions in their nominated deliveries for varying amounts of time during the contentious negotiations and outage.

Truscott said one way to boost Ukraine's security would be to invest in energy efficiency, given the highly energy-intensive state of Ukraine's industry, which use about four times as much energy to produce the same commodity as many other developed countries.

Truscott also proposed the liberalizing of energy markets. The UK introduced retail competition in gas supply and oversaw the break-up of the national gas buyer and transporter British Gas in the mid-1990s.

The UK official also said that "climate efficiency" was just as essential to economic growth as energy security.

At the same meeting, Ukraine's Energy Minister Yuri Boiko stressed that the country was a reliable transporter of hydrocarbons from Russia, and was also tackling energy consumption, with a view to reducing waste while not cutting economic growth. "In the past there were problems, but now it is all regulated," he said.

UK, Ukrainian energy ministers stress need for security

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Ukraine's energy security is of "obvious concern to the rest of Europe," UK energy minister Peter Truscott told delegates at the Adam Smith Ukrainian energy summit in London Wednesday.

In the very early days of 2006, Russia's deliveries of pipeline gas were interrupted while the two countries (Russia and Ukraine) negotiated the price for gas in 2006. Austria, Germany, France, Italy and other countries downstream of Ukraine all suffered reductions in their nominated deliveries for varying amounts of time.

Truscott said one way to boost Ukraine's security would be to invest in energy efficiency, given the hugely energy-intensive state of Ukraine's industry. It uses about four times as much energy to produce the same commodity as many other developed countries.

A 10% cut in energy use in the country would yield another 8 billion cubic meters/year of gas for export to Europe.

Another way, Labour's energy minister believes, is for energy markets to liberalize. The UK introduced household competition in gas supply and oversaw the break-up of the national gas buyer and transporter company, British Gas, in the last Conservative government in the mid 1990s. But other European countries will not have to go that far until this July.

Truscott also said that "climate efficiency" was just as essential to economic growth as energy security, and quoted the International Energy Agency saying that investments in clean energy would pay for themselves, and that the UK had made some progress but needed to go further in that direction. As an example of such investments he gave the European Union's emissions trading scheme.

And the UK's Stern report found that ignoring climate change would damage economic growth.

Ukraine's energy minister Yuri Boiko stressed that the country was a reliable transporter of hydrocarbons from Russia, and was also tackling energy consumption, with a view to reducing waste while not cutting economic growth.

"In the past there were problems. But now it is all regulated," he said. Ukraine is a reliable energy partner, it has a sound legal system and it is open to business, he said.

Synchronizing its power transmission system was also on the agenda, he said.

GAS TRANSIT PIPELINES REMAIN STATE PROPERTY

Russian gas giant Gazprom is no nearer a deal with Ukraine that will give it access to the latter's gas transit pipelines--something it has sought since the mid-1990s at least, when it wanted them as part of a debt-for-equity swap.

"That question is not being considered," Bakulin said.

And other foreign investment in the country's gas pipelines is also halted, thanks to a law to keep out any but Ukrainian state entities. Companies such as Germany's E.ON Ruhrgas and Anglo-Dutch major Shell had at various times expressed interest in acquiring stakes in the pipelines, or running them as concessions.

But the chairman of state transporter Naftogaz Ukrainy, Yevhen Bakulin, in his second week in the job, said that the talks had been suspended until all the aspects had been thought out. So although Bakulin said that Ukraine had to be a reliable energy bridge between Russia and Europe, this ambition does not include the country's parliament allowing foreign investors to participate in its gas transit system.