



Countering Energy Security and State Capture Risks

Sofia, Hotel Balkan
27 October 2014

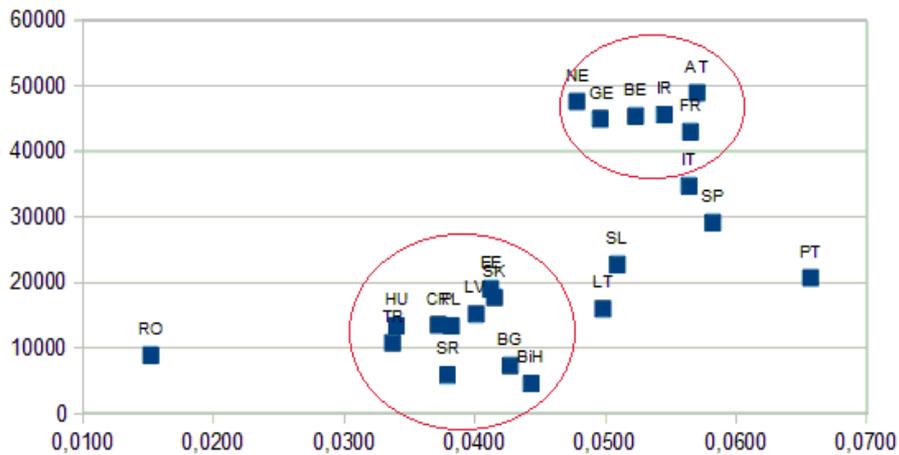
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East-West divide in hhold energy prices

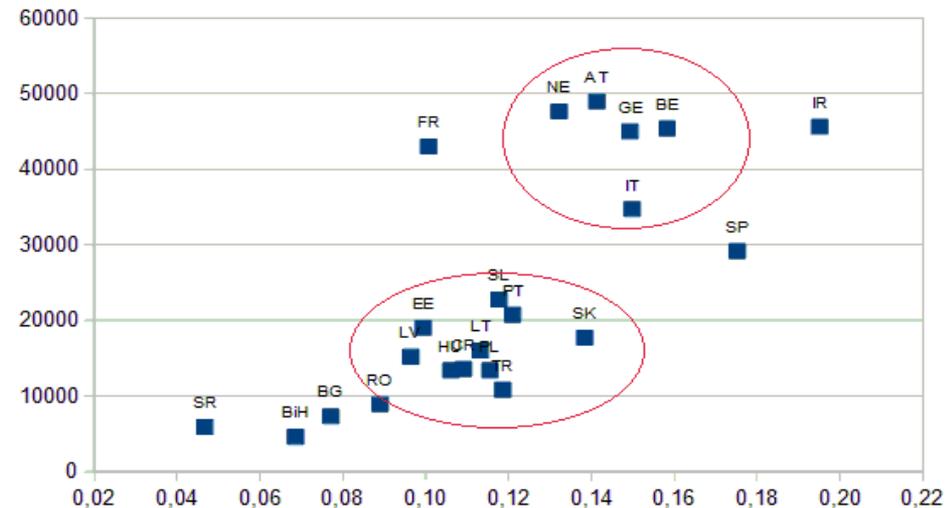
GDP/capita (USD) and mean band hhold gas prices (EUR/kWh), 2013

Source: Eurostat, IMF



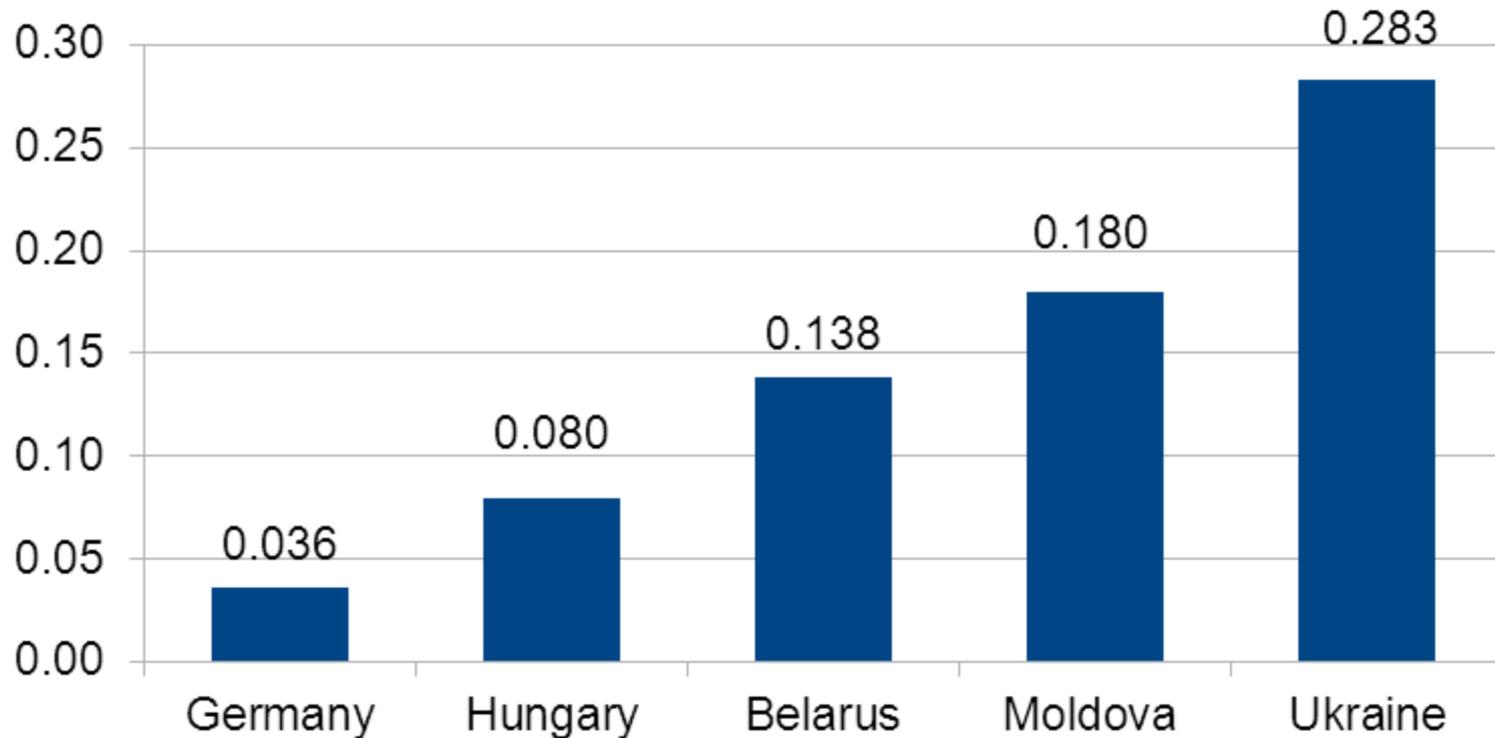
GDP/capita (USD) and mean band hhold electr. prices (EUR/kWh), 2013

Source: Eurostat, IMF

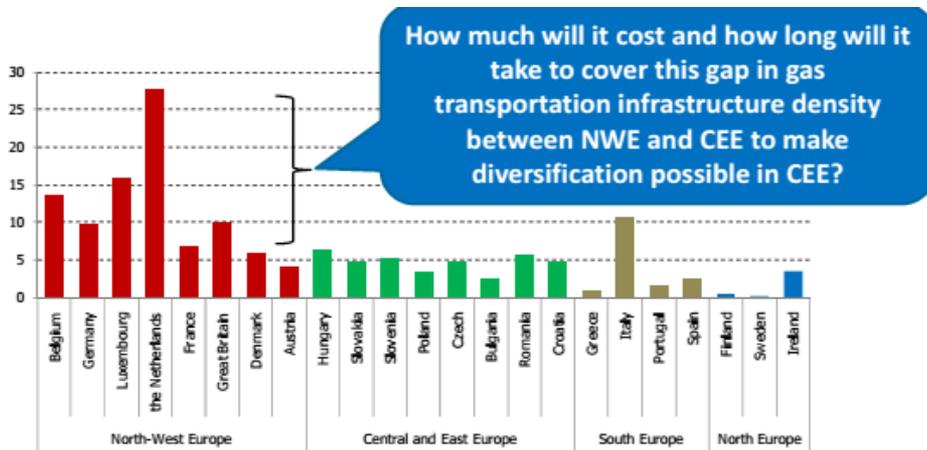


Social affordability – WE-CEE-CIS gaps

Unit gas imports (1% of TPES) as a percentage of GDP, 2011

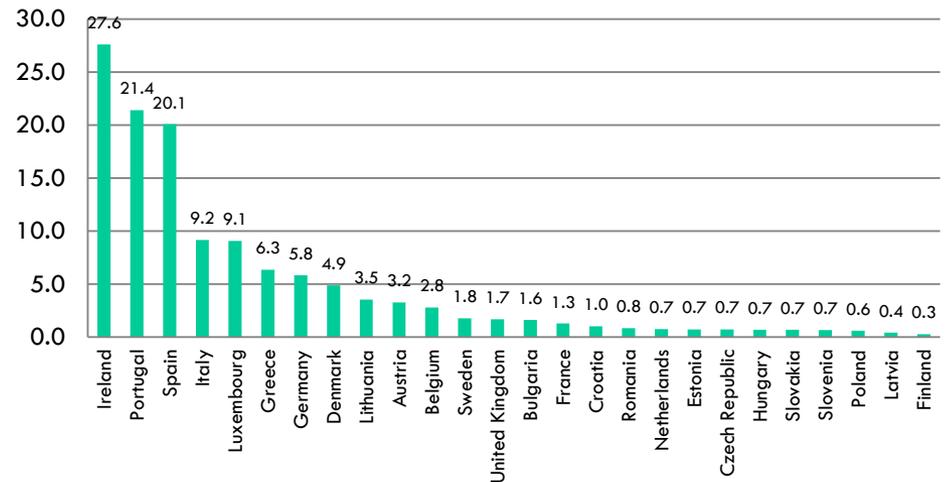


Policy affordability – RES and network dev.



3 RES (Wind, solar el. solar th.) share in TPES, % , 2012
 Source: Eurostat

* Preliminary results
 Calculations made by E.Orlova, PHD postgraduate student, Chair "International Oil and Gas Business", Russian State University of Oil and Gas, based on the data 2011/2012, kindly provided by ENTSOG



Energy populism – setting price taboos

- (1) Electoral „consolidation” – public distrust towards political elites is acute, turnover remains low, „deideologization” of electoral agendas – virulent environment for populism.
- (2) Utility prices are often among the TOP3 issues of people’s interest – potential for electoral „Wunderwaffe”, a major instrument for mobilization of non-active electorates.
- (3) Using this instrument at once, setting a political taboo on energy prices, you have a long-standing headache: How to finance utilities’ losses?
- (4) Domestic and external sources, aggressive populism around utility rates are potential invitation cards for external suppliers’ power projection.

Conclusions, recommendations



- (1) Depoliticise, but remain socially sensitive.
- (2) Prioritize both in terms of funding and governance capabilities. Small steps rather than big plans.
- (3) Policy adaptation – Do not copy, but use Western policies.
- (4) Large-scale electricity imports are not from the devil. Domestic self-sufficiency is less and less a financial option.
- (5) EU-funding is likely to be the only major source for improving energy security. Domestic industrial policy considerations shall be taken into account with care.
- (6) Do not wait for Godot! Do not expect magic from big projects, even if they have the potential (Nabucco, South Stream, US LNG).