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GAS SUPPLY SECURITY IN THE BALTIC STATES: A QUALITATIVE ASSESSMENT OF THE LEVEL OF SECURITY ENJOYED AND THE COSTS OF INCREASING IT

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CONTEXT

Energy security has been moving up the European policy agenda over the last decade, recently becoming a prominent theme of the European political debate. This has been driven largely, though not entirely, by the rise in concern for the security of natural gas supply to Europe, particularly supplies from Russia.

A number of attempts have been made at creating indices which are capable of quantifying the level of supply security that any given country enjoys. However, without a detailed, qualitative understanding of a country, determining its level of security is virtually impossible. The specific gas supply set up, the structure of gas consumption and, in particular, policies in place designed to mitigate the effects of a disruption are key contributors to the level of security that any country enjoys.

Once a country has a clear picture of the level of security that it has, the question is then how can they increase it and how much would it cost?

SCOPE

This paper qualitatively assesses the security of supply of each of the three Baltic States. Consideration of their gas supply set ups provides insights into the types of disruption risks that each country faces and the seasonality of these risks. Analysis of policies also highlights the significant contribution that they can make to supply security, in particular those policies which mandate fuel switching capabilities of power generators.

The paper also provides a cost analysis of various policy options for increasing security of supply based on information gathered from industry. The cost analysis is accompanied by a discussion of the technical and political feasibility of each policy option presented and political feasibility of pan-Baltic options is discussed in particular.

The analysis then allows the authors to make recommendations to each of the Baltic States on improving their gas supply security.