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Hertie School of Governance, Masters of Public Policy Program

Spring 2019 | Course: GRAD-P1042: Problems of European Energy: Technology, Markets & Policy;

Instructor: Dr. Thomas W. O'Donnell, twod@umich.edu

Client's Assignment to Student Research/Consulting Group

The Nord Stream 2 Project: Clash of interests & policies between German-&-N-Europe as v. Central-European-&-Eastern-&-Nordic states on energy security, market & geostrategy

I. Client Partner:

Center for Eastern Studies [*Ośrodek Studiów Wschodnich*] (OSW); Warsaw, Poland ([link](#) & [link](#))

a. Client Representative:

Ms. Agata Łoskot-Strachota, Senior Fellow, Energy Policy ([bio/publications page](#))

II. Client's Abstract of Project

a. Topic's Significance

EU countries significantly differ in how they perceive security of gas supply & how they define priorities in this area of policy. This is well illustrated by differing attitudes and interests related to EU-Russia cooperation in the gas sector. The best example in recent years is intra-EU debate and controversies related to the Nord Stream 2 project. This project is opposed by most Central and Eastern European (CEE) & Nordic countries, also by the UK and by the European Commission (and from outside, by the US). On the other hand, it is supported by Germany, Austria and the Netherlands, among the others.

Continued deep differences between member states disable formulation of common energy policy related to gas, hamper effectiveness of the EU's interactions in energy/gas field with its key partners: Russia, Ukraine, and the USA, and make it difficult to complete the Energy Union.

Security of gas supply (SoS) will become a particularly important subject in 2019 and 2020. At the end of 2019, two major Russian gas transit contracts will expire: the Russia-Ukraine one and Russia-Poland one. It is uncertain what kind of transit agreement will succeed them. Both Poland and Ukraine are implementing policies to diversify their sources of supply. Gazprom has long planned to complete its new big pipeline project, Nord Stream 2, in 2019; yet it is not certain it will actually be completed due to several uncertainties including a lack of all permits for its construction (inter alia, till Denmark has issues no such permit) and about what will its regulatory regime be. At the same time, Europe's own natural gas production is falling, with Netherland's output quickly decreasing and a gradual decrease of North Sea output taking place.

SoS challenges in 2019 will be accompanied by some significant political events in Europe, such as Brexit, elections to European Parliament (and afterwards EU Commission & Council presidents), elections in about 10 Member States and in Ukraine. This may aggravate challenges and so increases need for developing common and effective policy

b. Particular Questions &/or Goals

The goal – mapping the differences among member states related to Nord Stream 2, external energy policy priorities etc and possibly thinking about different possible ways forward for common EU policy and to consider various scenarios.

Issues include:

1. What opportunities and threats related to Nord Stream 2 are seen by different member states?
2. What role for Russia, Ukraine and the USA in EU gas markets and policy do different EU members states see?
3. How do different member states define their diversification of gas supply goals and how do they implement these?
4. Gas market and policy versus foreign and security policy: Are these interrelated or not? (i.e., arguments for and against).

III. Client's vision of interaction, advice & supervision

Note that material will be posted weekly by students at online research notebook by the student team, which is visible to client, who can choose to comment.

a. Anticipated oversight/viewing of "Project Research Notebook"; frequency & forms of other interactions?

See Syllabus; details T.B.D.

b. Contact protocols, methods, frequency, etc.

Will be discussed.

IV. Deliverables & Deadlines

b. Written Report

For now, as per syllabus. Will be discussed in detail with client.

iii. Presentation &/or Executive Consultation

As per syllabus. Will be discussed in detail with client.

V. Background Materials &/or Research References from Client

Perhaps later.