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WILL TURKISH STREAM BE THE ONE THAT WILL SAVE MACEDONIA'S ENERGY FUTURE?

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commentary

THE short answer to the title's questions is no. Turkish stream or the successor to the unfortunate and dead-before-it-began South Stream project is the newest grand plan of Russia (Picture 1). The idea is to circumvent the Ukraine and keep Europe and especially the Balkans under the monopoly of Russian gas which is also a key strategic move in the play among the East and West over who will have more influence in the region (The developments in Ukraine will continue making the headlines across Europe as the situation continues to deter. Its energy sector will undoubtedly continue to suffer which would generate intensified energy diplomacy between Brussels-Kiev and Moscow in order to secure gas supplies for the EU and Ukraine – [The state of energy \(in\)security](#); authors Ana Stojilovska and Andreja Bogdanovski). So, what is the difference between South and Turkish Stream? Apart from Bulgaria being left out and punished by Russia for following EU's directives and replacing it with Greece and Turkey nothing much. The new leftist government in Greece and its Prime Minister Alexis Tsipras show much bigger sympathies towards Russia than what the EU would like. According to EurActiv: "new chapter opened in relations between Greece and Russia, Productive Reconstruction, Environment and Energy Minister Panagiotis Lafazanis told...after a meeting with the Russian Energy Minister Alexander Novak and Gazprom CEO Alexey Miller. Lafazanis also announced the expansion of Russia-driven Turkish Stream pipeline to Greece, saying

that the final decision on the issue will be taken by the Greek Prime Minister, based on the national interests of Athens and not the European Commission, which according to him, 'is not an uncontrolled boss of EU national governments'. Turkish Stream is a Gazprom pipeline project to bring Russian gas across the Black Sea to Turkey, and from there, to a hub at the Turkish-Greek border. One of the aims of the project is to bypass Ukraine, and another, to punish Bulgaria, which Russia blames for having obstructed the construction of South Stream". ([Athens plays Russian card, eyes Turkish stream](#)) The price however is staggering – it will cost 2 billion Euros to bring the gas from Turkey to Greece but according to Russian sources the pipeline will be built by private companies not the states themselves. In the current economic climate this seems like an unlikely venture and remains to be seen how without the support of either Russian or Greek government this can be finished.

Where do the Balkan countries including Macedonia come into this? At the beginning of April 2015 in Budapest, Hungary, there were some talks on intensifying the cooperation on Turkish stream with a meeting between Greece, Hungary, Macedonia, Serbia and Turkey who all expressed readiness to expand the pipeline from the Turkish-Greek border towards the EU. However, for now this is all just talk and not much action as there is still no clear mapping of how the pipeline will go, and whether it will be in accordance with the EU rules and directives as after all Greece

and Hungary are EU member states, and Serbia has started the negotiations for joining the EU, while Macedonia is a candidate member state. Hence, one cannot escape the EU rules no matter how lucrative the agreement with the Russians is. Another issue is the financing of the project itself due to the fact that Gazprom is under sanctions (due to the Ukrainian crisis) and finding funds or credits from banks might prove impossible in the current situation.

Picture 1



The financial condition of the other partners like Greece or Hungary, not the mention Macedonia and Serbia, is also far from solid when it comes to building these kinds of projects.

Thus, where does this leave Macedonia and its energy future? Again the answer is nowhere. Although many times before has been concluded that joining one or

multiple pipelines will be beneficial for the country as it will expand its usage of gas and improve its energy situation as well as it will phase-out of coal slowly while transferring to gas power plants, the geo-political situation in Europe asks for caution and looking for other options as well before jumping on board with the Russians (authorities to continue looking for backup options such as joining the Trans-Adriatic pipeline which should bring Azeri gas passing through Greece and Albania, ultimately reaching the shores of the Adriatic Sea and Italy. If concrete steps are taken into this direction this would significantly decrease country's one source dependency and should provide better access to gas for Macedonia's customers which ultimately should result in lower prices – [The state of energy \(in\)security](#)).

What are the alternatives? While the Balkans await cheap gas, authorities must take actions to secure the energy future of their countries as the demand for energy will grow and imports, especially in Macedonia, are continuously growing. The issue with Macedonia specifically is that it is very poor with natural energy sources like coal or even water and no own gas resources and has to rely on imports and be very innovative if it wants to diversify its energy portfolio. There are few alternatives present:

maximum usage of solar energy with putting PV on individual houses to maximum usage of biomass everywhere possible to decreasing the energy consumption itself. More R&D needs to be done, and the authorities need to leave the traditional way of thinking that only big power plants no matter if they are hydro or coal or nuclear are the solution. With the lack of funds everywhere, one must abandon 20th century narratives and focus on small, local actions that will enable secure and steady energy supply as well as energy savings. Analytica as part of the [SEE SEP project](#) will launch, almost after three years, the alternative Energy Model for Macedonia with scenarios up to 2050 where the main goal is to cut emissions and give clean and environmentally friendly alternatives to the solutions currently pushed by the authorities. One of the preliminary conclusions of the energy modeling are that when it comes to electricity production is necessary to gradually close the thermal power plants up to 2035, and make significant increase in investments in renewable energy sources such as solar, wind and small hydropower. However, despite the opportunities for using the full technical capacity, Macedonia due to lack of coal will have to invest in gas stations, in cogeneration plants, and will have to provide stable energy imports. When it

comes to households (which are second largest consumer of energy in the country) the preliminary conclusions are that although the buildings sector has reduced its emissions from 1990 to 2010, according to the first results, with considerable effort (technological development and awareness) by 2050 emissions can only be reduced to 14% compared to 1990 levels. To achieve a large reduction in emissions it requires new buildings for households from 2030 onwards to be built as passive houses that have very low energy consumption, while the old buildings should be refurbished so their energy consumption can be reduced. However, the area of lighting in households has greatest potential for reducing its energy consumption by 2050.

The conclusion would be that no gas pipeline will magically solve all the country's energy issues. Diversifying the energy sources, not relying on one energy source, having sensible imports, investing heavily in lowering energy consumption especially in households, promoting aggressively energy efficiency measures, eradicating energy poverty, etc. are all issues where the authorities from local communities to the Government must work on if they do not want to be dependent on any foreign power for providing the basic energy needs. □



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