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Energy: Russia Uses Weapon Handed to It (Unexpectedly!)

Енергетика: Росія використовує зброю, передану їй (несподівано!)

Ціни на газ у Великобританії та Європі зросли на 18 % після того, як на довгоочікуваному аукціоні з пропускної здатності трубопроводів не було зростання від Росії ні через українську систему трубопроводів, ні через лінії, що проходять через Польщу до північно-західної Європи. Аналітики кажуть, що результат аукціону є останнім свідченням того, що Росія не поспішає надсилати додатковий газ до Європи. Хоча офіційні особи Кремля натякали на надсилання додаткового газу, вони також натякали на схвалення Німеччиною запуску суперечливого газопроводу "Північний потік-2", який обходить Україну, як ключовий для збільшення поставок, поряд з тим, що компанії готові підписати більше довгострокові контракти.

https://www.nationalreview.com/corner/energy-russia-uses-weapon-handed-to-it-unexpectedly/

It cannot be said that this is a surprise (via the *Financial Times*):

Russia's Gazprom has damped hopes for additional gas exports to Europe next month as the continent struggles with record prices, despite recent hints from President Vladimir Putin that more could be forthcoming.UK and European gas prices surged as much as 18 per cent on Monday after a keenly awaited pipeline capacity auction showed no increase from Russia either through the Ukrainian pipeline system or lines passing via Poland to north-west Europe.Traders and analysts say the auction's result is the latest indication that Russia is in little rush to send additional gas to Europe, leaving supplies tight as winter begins and raising the prospect of shortages if the weather is marginally colder than normal.While Putin and Kremlin officials have hinted at sending more gas, they have also alluded to Germany's approval of the start-up of the controversial Nord Stream 2 pipeline — which bypasses Ukraine — as being key to boosting supplies, alongside companies being willing to sign more long-term contracts.

"Alluded to."

Well that's one way of putting it.

And keep an eye on that reference to "long-term contracts." The Kremlin would like to see its European clients locked into longer-term contracts, rather than playing the spot markets. The latter strategy, of course (as Moscow has not been slow to point out), is not working very well at the moment.

The *Financial Times*:

[Natural gas] prices are more than five times higher than a year ago, posing a threat to the economic recovery from the pandemic, with energy-intensive businesses warning they may need to curtail production.While gas supplies have tightened globally as demand rebounds from the pandemic, with Asian consumption soaring, the International Energy Agency said this month it believed Russia had the capacity to boost exports by about 15 per cent to Europe.Putin last week denied playing politics with gas supplies but indicated additional sales would need to be on Russia's terms. Gas industry executives and analysts have said that, while Moscow has fulfilled its long-term contracts, additional top-up sales have not been made available as they were in previous years.Gazprom has also let its own storage facilities in Europe fall to very low levels.Russian gas flows on the three main pipeline routes into western Europe had already declined in October to average 261m cubic metres a day compared with 302m cubic metres in September, according to Tom Marzec-Manser of consultancy ICIS."If all existing routes were fully maximised then western European flows would be closer to 360mcm [a] day," he added.

But they are not.

With Ukraine still making a last ditch effort to stop the Nord Stream 2 pipeline and with two of the parties likely to form Germany's new coalition government unenthusiastic about the project, Russia seems to be taking advantage of the current supply crunch (and the approach of winter) to send a clear message as to who is really in charge.It was given this opportunity in the first place by the willingness of NATO "ally" Germany to participate in the Nord Stream 2 arrangement (something to remember as Angela Merkel sets off on her long overdue retirement). The dependency on Russia created by Germany's decision has only been compounded by its phasing out of nuclear energy, something that Merkel *re*accelerated — it's complicated — and by the country's headlong and poorly thought-through rush into (unreliable) renewables, an error, of course, that it is by far from alone in making.The Paris model for decarbonizing energy supplies is unlikely to do much for the climate, but it will do a great deal for Putin, OPEC, and, one way or another, Xi.

Should the U.S. really be going down that path?

(That was a rhetorical question.)

More on the energy mess here.