

The Nord Stream 2 pipeline project

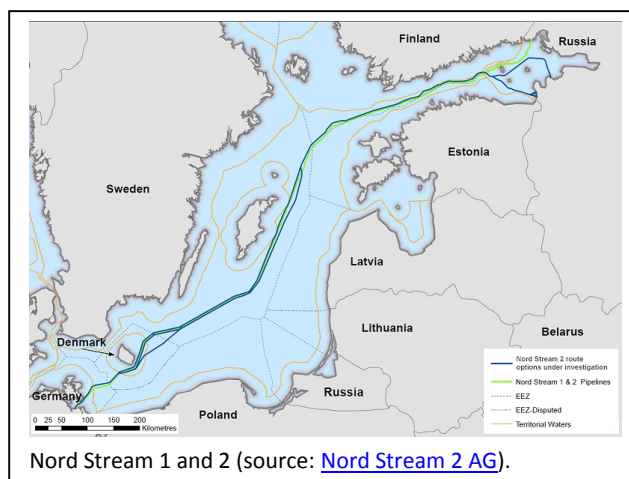
A consortium led by Gazprom plans to construct new pipelines that would double the capacity of the existing Nord Stream gas connection, which runs from Russia to northern Germany under the Baltic Sea. The new pipelines could be completed by the end of 2019.

The project

In September 2015, the Russian gas exporter Gazprom and five European energy companies signed an agreement on the Nord Stream 2 pipeline project. The designated shareholders are Gazprom (50%), E.ON (10%), OMV (10%), Shell (10%), Wintershall (10%), and ENGIE (10%).

The Nord Stream 2 twin pipelines through the Baltic Sea will have the capacity to deliver 55 billion cubic metres per year (bcm/y), doubling the capacity of the existing Nord Stream pipelines, which became operational in 2011 and 2012. The planned pipeline would stretch for some 1 200 kilometres under the Baltic Sea, from Russia's Baltic coast to the German coast near Greifswald. It would deliver gas from the Bovanenkovo gas field in northern Russia's Yamal peninsula, which holds, in total, some 4.9 trillion cubic metres of gas reserves. The preliminary investment budget (CAPEX) is assessed at around €8 billion.

On 11 March 2016, Nord Stream 2 AG selected the suppliers of steel pipes for the pipelines through an international tender process. The selected suppliers include one German and three Russian companies.



Nord Stream 1 and 2 (source: [Nord Stream 2 AG](#)).

Gas supply in the EU

In 2014, the EU imported 257 bcm of natural gas, 67% of its gas consumption. This import dependency is expected to rise as EU production declines. The main suppliers were Russia (39%), Norway (30%), Algeria (13%), and Qatar (7%). In 2014, 33 bcm of Russian gas was delivered via Nord Stream, and 31 bcm via the Ukraine/Slovakia route.

Gas transport from Russia to the EU

The planned Nord Stream 2 pipeline would increase gas import capacity from Russia to the EU. Currently, almost half of Russian gas exports to the EU pass through Ukraine, but Gazprom announced in June 2014 that it would stop gas transit through Ukraine at the end of 2019, when the current transit arrangements with Ukraine come to an end. Gazprom's plan to build a pipeline (South Stream) across the Black Sea from Russia to Bulgaria was cancelled in December 2014; a subsequent plan for a pipeline from Russia to Turkey across the Black Sea (Turkish Stream) was cancelled in December 2015.

Gas transit route	Capacity	Status
Western Siberia to Germany, via Belarus and Poland	33 bcm/y (Yamal pipeline)	completed 2006
Russia to Turkey	16 bcm/y (Blue Stream)	completed 2003
Viborg (Russia) to Greifswald (Germany)	55 bcm/y (Nord Stream)	completed 2012
	55 bcm/y (Nord Stream 2)	scheduled for 2019
Transit through Ukraine	>100 bcm/y (Brotherhood)	completed 1967
Russia to Finland and Baltic region	5 bcm/y	n.a.

Gas transit routes from Russia to the EU (sources: [Gazprom Export](#), [Institute of Energy Economics](#) at the University of Cologne).

