

The Serbian government has announced it will expand the capacity of the sole gas storage facility in the state, as it is uncertain whether new gas supply routes will be found soon. Serbian Prime Minister Aleksandar Vucic said on August 24 that the government's priority would be the expansion of the only gas storage facility, Banatski Dvor, for the purpose of raising the state's energy security.

Vucic said that the Serbian officials had considered several new gas supply routes for Serbia, but that a good solution has not been found yet.

According to him, Serbia has had talks on gas supply from Azerbaijan, via the Russian gas pipeline Turkish Stream, as well as via the LNG terminal on the Croatian island of Krk, backed by the U.S.

Vucic said that the experts in Serbia were fighting over whether the state should receive Russian or American gas, but that Serbia "hasn't seen that gas yet" and that it is uncertain whether any new quantities and routes will be secured at all.

"We do not have that problem (to choose), give us any gas you want, but we haven't seen that gas yet, even though we had discussed in a 100 ways from where and how to get it. Neither the Ionian Adriatic Pipeline, nor the gas from Krk, nor that Turkish Stream, nor do we know whether it will even happen," said the Serbian prime minister.

Serbia uses about two billion cubic meters of gas a year and almost 80 percent of that amount is imported from Russia via Ukraine and Hungary, which is currently the only gas supply route for Serbia.

Since Russia has previously announced it will stop gas supplies through Ukraine by 2019, Serbian officials have tried to diversify the country's natural gas supply routes.

But, as that is uncertain for the time being, the government has set the enlargement of the Banatski Dvor storage facility as its priority.

Vucic said the facility's capacity was to be expanded from around 450 million to a billion cubic meters of gas.

He said that this "would secure gas supplies through the whole winter season in Serbia if deliveries are stopped in Ukraine."

The expansion of the Banatski Dvor storage facility was also announced by the director of gas distribution company Srbijagas, Dusan Bajatovic, who said the matter would be discussed with Russian Gazprom, as the owner of a part of the facility.

Bajatovic recently told the Serbian media that after the expansion Gazprom would remain the majority owner, because cooperation with the Russian company has proven to be good for Serbia.

In his words, the main question is from where Serbia can get additional gas quantities for

the best price.

“For now the government’s priority is the interconnection with Bulgaria, but even that leg of the gas pipeline cannot provide sufficient quantities of gas, because Bulgaria also receives the bulk of its gas from Russia, and if Gazprom halts deliveries, they too will be left without this fuel. The quantities of gas to arrive in Bulgaria from Azerbaijan have already been leased and there is not enough of that gas,” said Bajatovic.

Serbia and Bulgaria signed an agreement in June on a gas interconnection that is to enable Serbia to connect to two gas pipelines from Azerbaijan – the Trans-Adriatic Gas Pipeline (TAP) and the Trans-Anatolian Gas Pipeline (TANAP).

Also in June, Romania invited Serbia to join the AGRI project, aimed at bringing Azerbaijani gas to the Balkans.

Energy expert Jelica Putnikovic supported the idea of Serbia’s expanding gas storage capacity.

“Not only would it be good to increase the capacity of Banatski Dvor, but Serbia should also build another storage facility, because then it could be a regional gas hub and supply the other states with gas,” she said.

According to her, Serbia will not be left without gas even if Russia stops deliveries via Ukraine, because a sufficient quantity of gas can also come through the North Stream pipeline, whereby Russian gas is delivered to Europe via Germany.

“But that poses the question of the price at which Serbia would procure that gas, because it would have to pay fees to the states through which the North Stream gas would come to us,” said Jelica Putnikovic.

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