

The Czech Republic and Slovakia: Possible ownership changes in the gas transport infrastructure

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More and more hints are being received that Western corporations could sell the companies which operate the pipelines used for gas transport in Slovakia and the Czech Republic. This means that ownership changes can be expected on the Czech and Slovak sections of the Bratstvo gas pipeline, through which most of the Russian gas destined to the EU is transported. On 13 September a member of the supervisory board of the Czech operator, Net4Gas, confirmed that the company's owner, the German corporation RWE, was considering its sale. In August, representatives of the Czech-Slovak holding EPH confirmed that they were negotiating with Germany's E.ON and France's Gaz de France (GdF) the purchase of their shares in SPP, a company which as part of its portfolio is the owner of the operator of Slovak gas transport pipelines, Eustream. E.ON and GdF hold 49% of the company's shares; the remaining stake is controlled by the Slovak state.

Commentary

- A change in the ownership structure of Net4Gas is very likely due to the very difficult financial situation the German RWE group has found itself in. In August, this group announced disinvestment programme worth 11 billion euros by the end of 2013. In turn, a possible sale of shares in SPP fits in with GdF's plans to concentrate its business in North-Western Europe and the need to improve the financial condition of E.ON in connection with the closure of nuclear power plants in Germany.
- The shares in Net4Gas could be taken over by an investment fund, the state-controlled energy corporation ČEZ or the Czech treasury. The EPH holding, which has been bolstering its position in Central Europe, is a likely buyer of the shares in SPP. Gazprom could also be interested in taking over control of the Czech and Slovak gas pipelines. However, this solution would be unfavourable to the Czech government, which could block such a deal by implementing a full ownership unbundling in compliance with the EU's third liberalisation package. The Slovak government, which has an influence on SPP's strategic decisions, would also be unappreciative of Gazprom taking over control of this company.

- Reports on the possible sale of the Czech and Slovak pipelines may prove that the Western energy corporations are giving less significance to Bratstvo in their policies. Nevertheless, a major reduction in the transport of Russian gas via this route will only be possible after the second branch of the Nord Stream gas pipeline has been put into operation. This would be detrimental to Slovakia, for which Bratstvo is the only route for gas supplies. The Czech Republic is in a better situation, as it imports gas also from the West. The construction of the Gazela pipeline (an extension of Nord Stream's branch), which will be used to transport natural gas via the Czech Republic to Bavaria, is also about to be completed.
- The ownership changes in the Czech and Slovak gas transport infrastructure may adversely affect the future of the North-South gas corridor, which envisages connecting the Polish LNG terminal in Świnoujście via the Czech Republic, Slovakia and Hungary with the LNG terminal in Croatia. Especially if complications in the process of ownership change occur or if control is taken over by entities, such as for example Gazprom, which are not interested in a further integration of the Czech and Slovak gas networks with those of their neighbours. In this case the Czech and Slovak section of Bratstvo also could not be used for the export of shale gas from Poland in the future.