NOC – IOC Forum

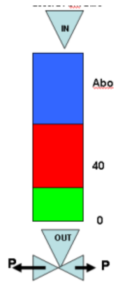
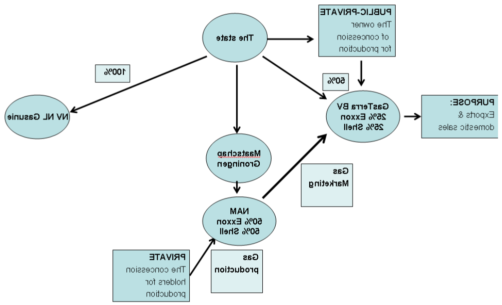
Dutch gas policy

A public-private approach

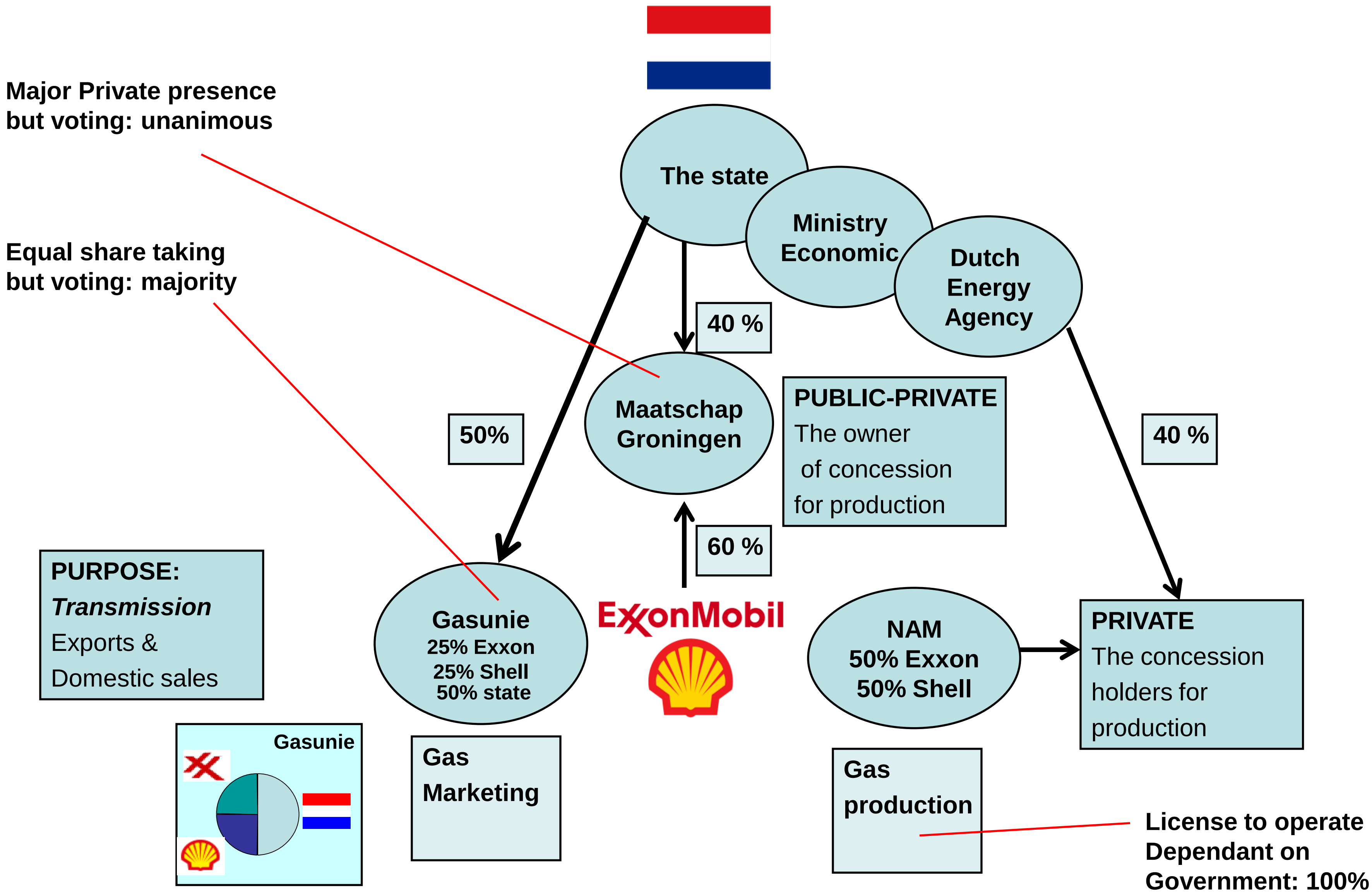
or a simple NOC/IOC cooperation

over the last 40 YEARS

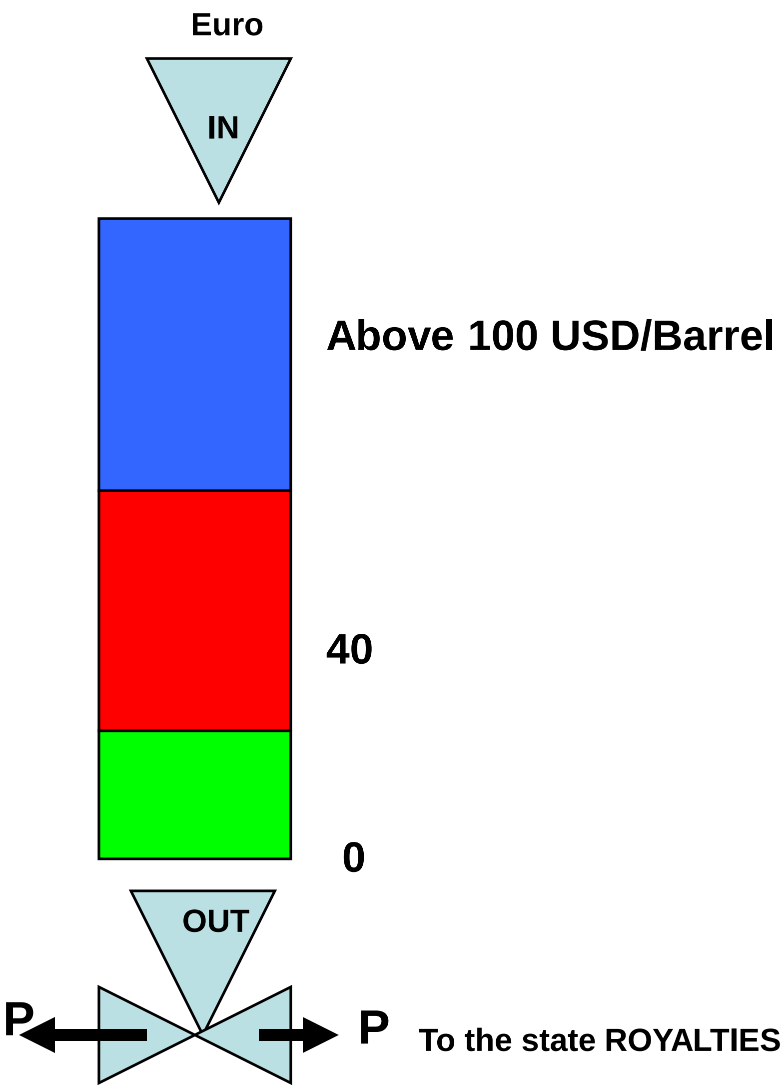
Partnership

	Fair
	Trust
Facts - Agreements	***Emotions***

The structure in 1968



A flexible pricing/royalty scheme to share price risks



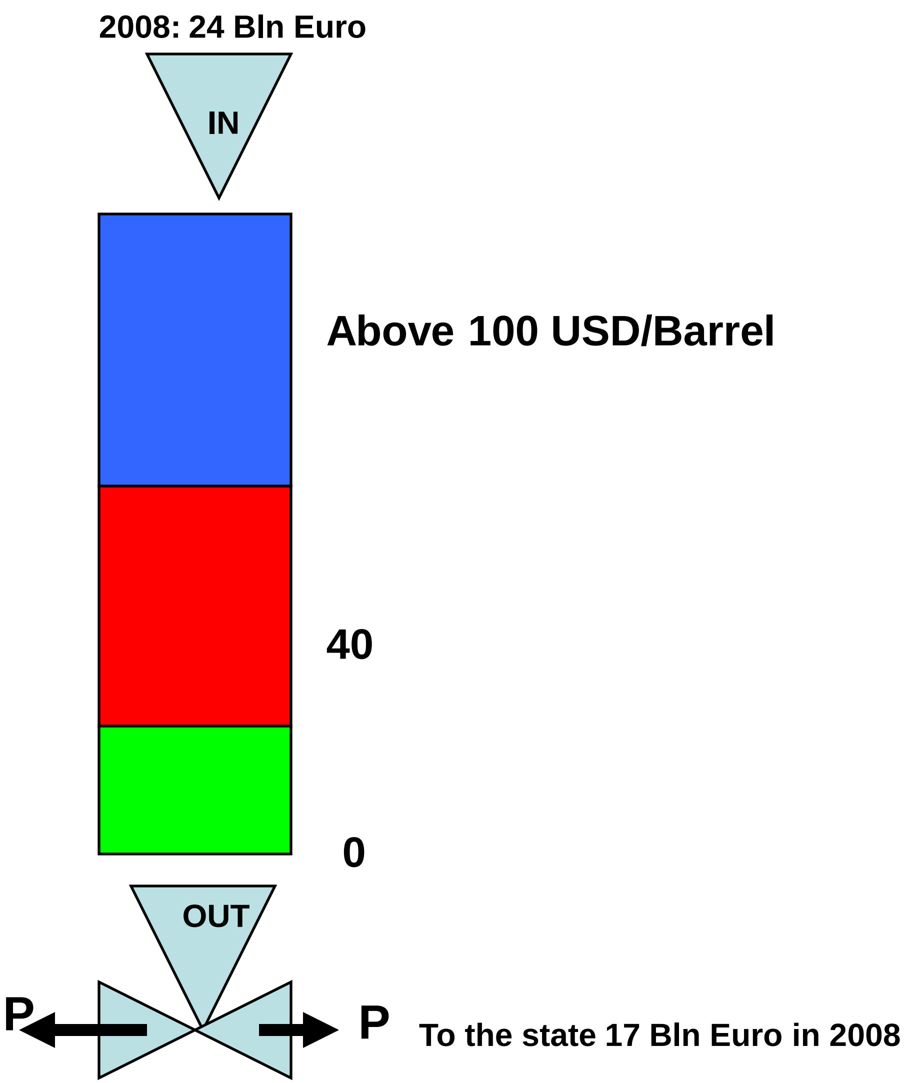
- *Green*: The bottom price always reflects the loan scheme's of the private stakeholder, under all circumstances
- *Red*: Oil prices/gas prices are modest; both gain and are both eager to cooperate (red).
- *Blue*: In the top part; most of the earnings go to the public interest, reflecting the importance of its stake in the PP partnership:
- The essential aspect is that the scheme is flexible and among partners 'functional' even dealing with extreme and volatile high oil prices
- Despite developments in Europe as far as liberalization is concerned, the PPP settings remain solid, with the stakeholders adapting to the idea of having to compete in a pan-European gas market

The barriers ahead

- In the 1080’s: high oil prices and in-depth investments have been paid back to the private parties involved.
- In the 2000’s: liberalisation in Europe, while the Duchies where spearheading unbundling and regulations.

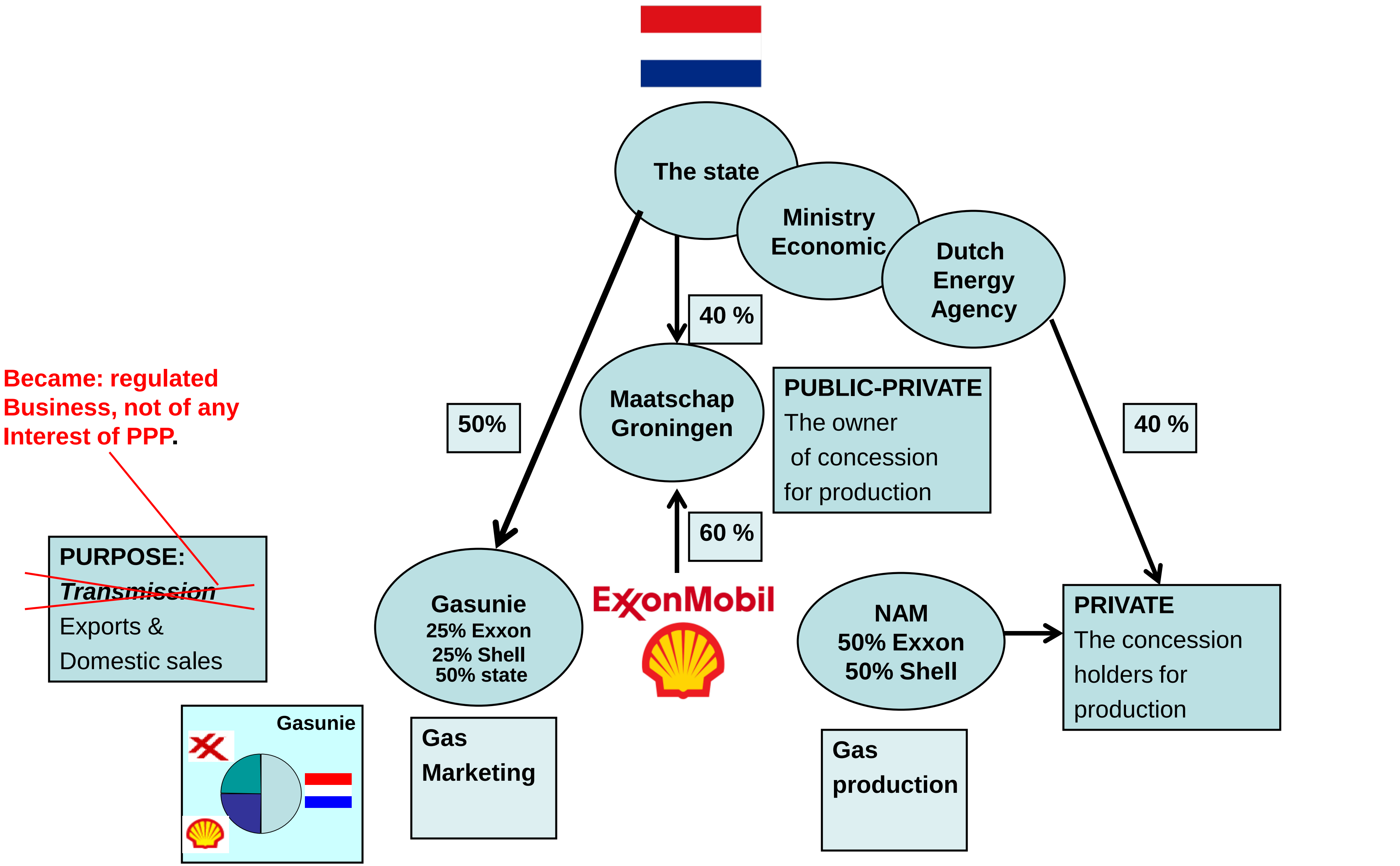
Private positions (IOC)	Public positions (NOC)
# non regulated business	# regulated business is optional
# no public service obligations	# public service obligations will have impact
# short term focus	# long term focus
# national settings to be avoided	# national settings are key: employment and national investments over the long term

After the pay-back period and high oil prices

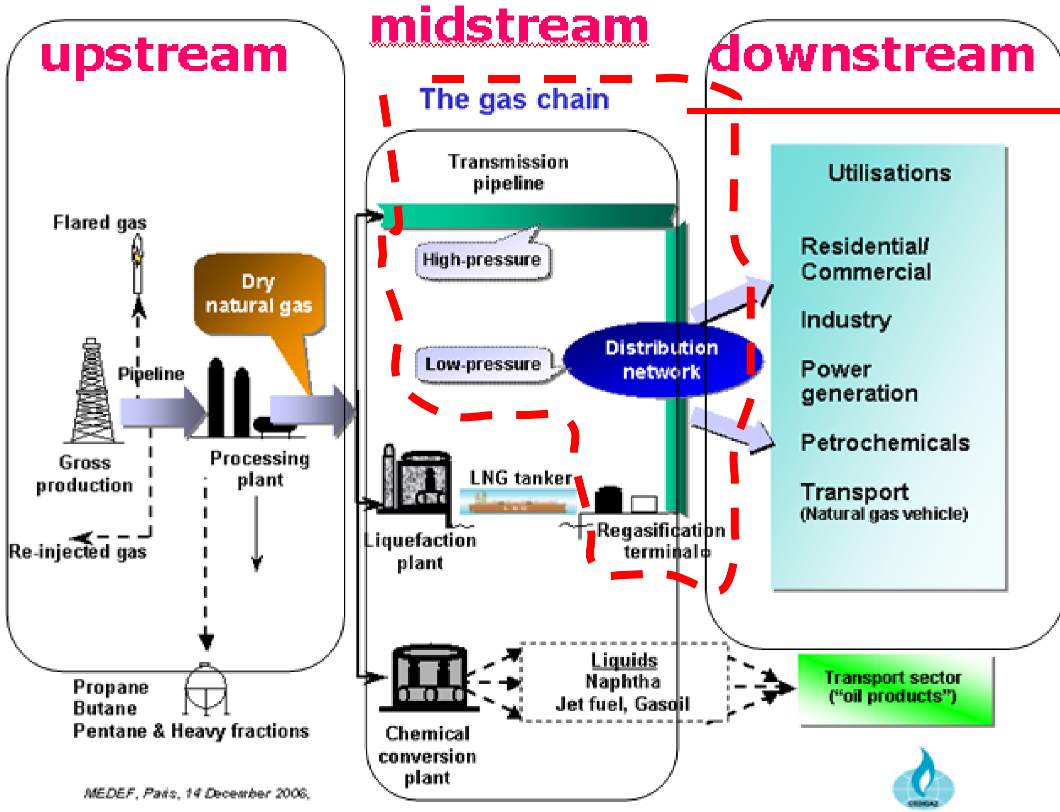


- ***Green***: paid back the investments in place: grid and up- & mid-stream facilities
- ***Red***: future view: will be staying high and provides huge gain for IOC, publicly for the 1980's unacceptable
- ***Blue***: immediate needed in order to satisfy public debate and 'feelings'. Major change over chairing profits to wards the state.

The structure in 2006



Value Chain change

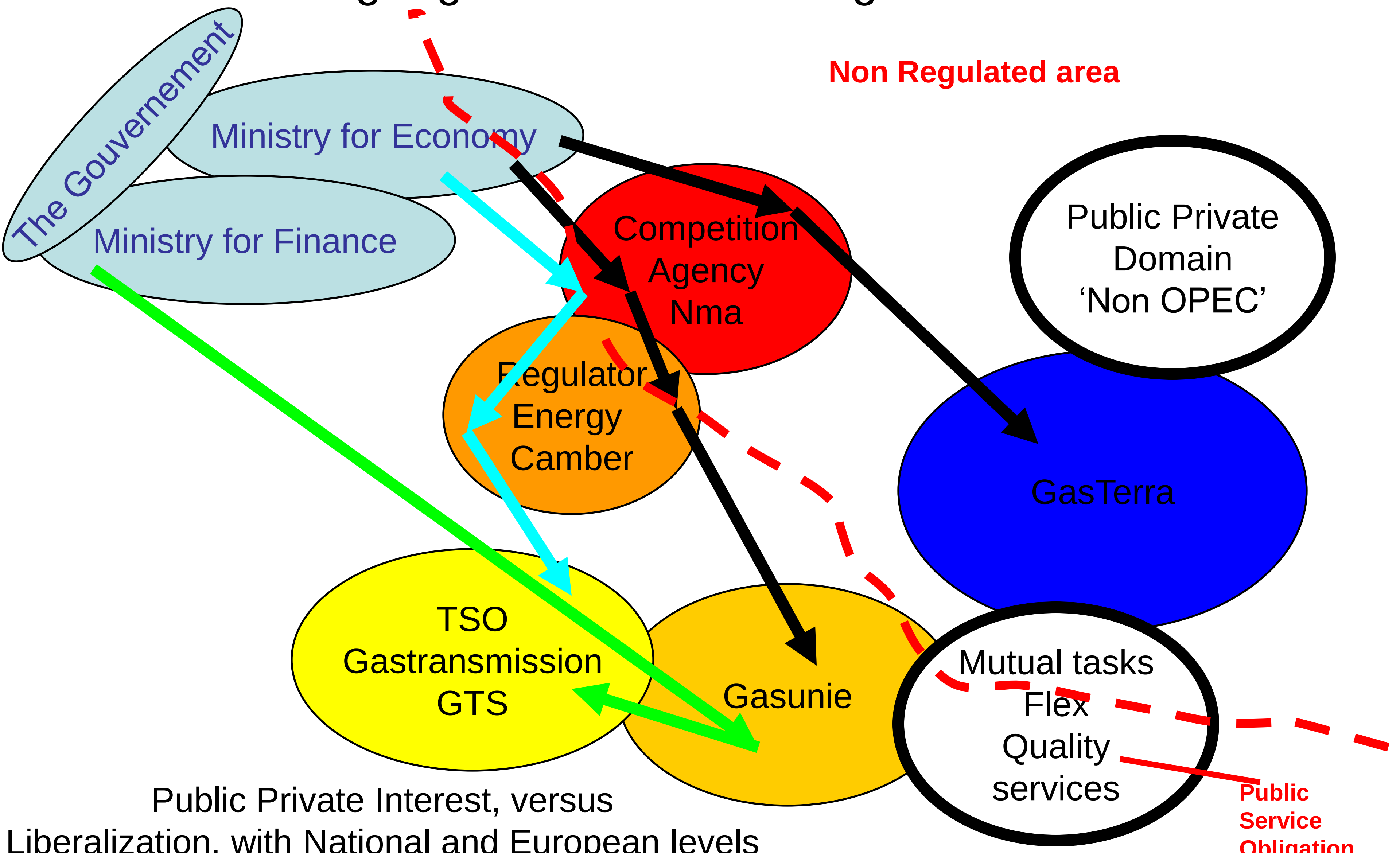


Taken out by Dutch Partners: Regulated Business

The EU setting, followed by a National legal setting:
Transmission; high pressure and low pressure are fully Governmental owned and furthermore regulated as regulated business.
The partnership had no interest in regulated business (7% return of investment) and left this asset of the Government, by compensating the private partners.
Main concern in Europe is: will natural gas storage be regulated business???

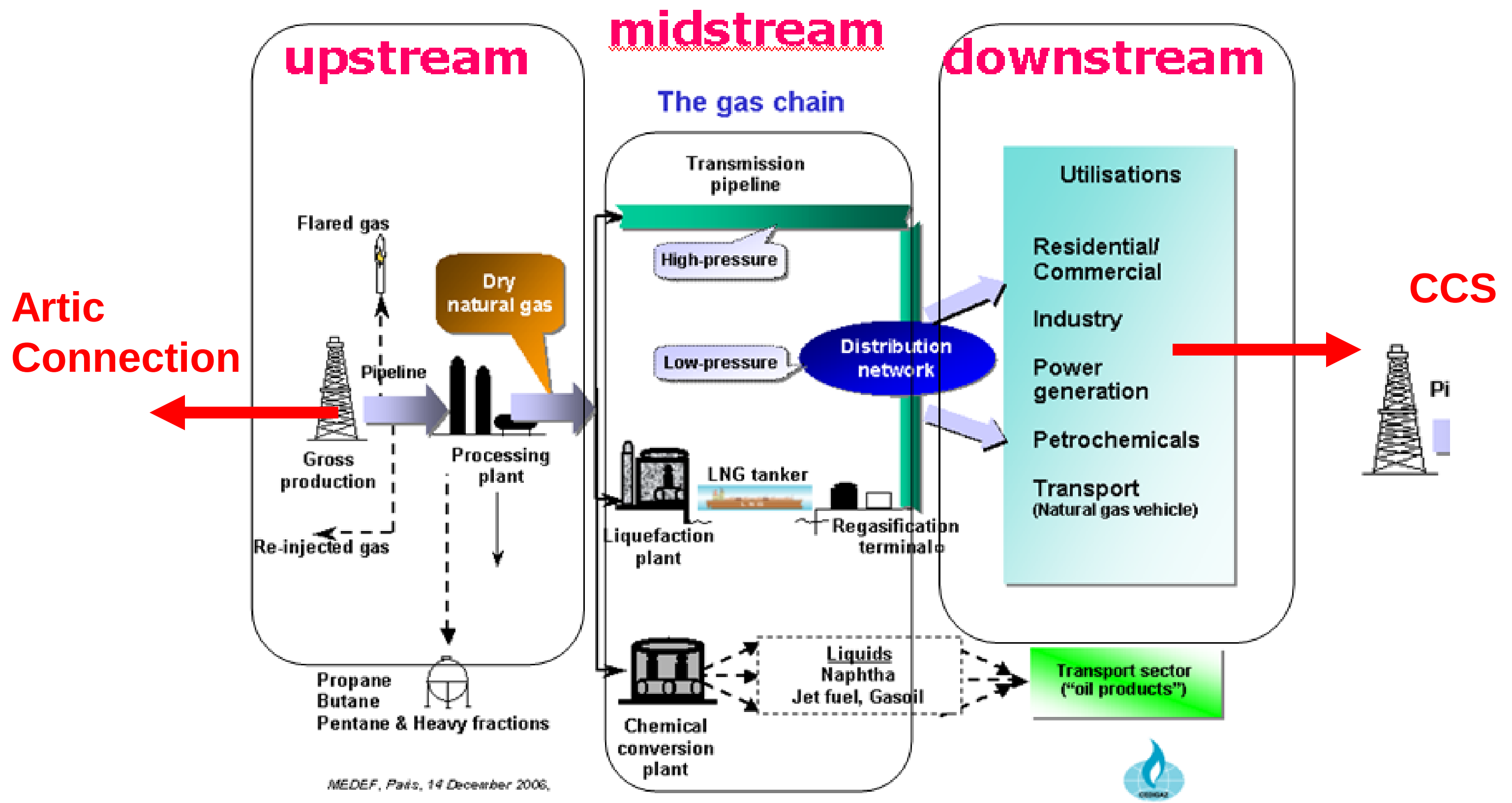
The typical Dutch scheme, as non OPEC,

including regulated and none regulated business



Public Private Interest, versus
Liberalization, with National and European levels

Value Chain future options



Future developments and partnership cooperation options:
CCS: extending the present value chain: COULD be, but
depend on legal setting: regulated or none regulated !, just wait and see
Artic: extension of bilateral cooperation in none regulated area and with
focus of IOC = liberated market settings with NOC = Governmental guided supply
looks quite promising !!

An Artic option, while dealing with Russian-Dutch SoS and SoD

Transport

Production

Market

Transport

Government Business Structure

Balkenende versus Medvedev

Min. Econ. Affairs

First Vice Premier

NL-RF Governmental Twinning *

NL (van der Hoeven) - RF (Zubkov)

NL-RF Joint Business Dialogue

NL (Wientjes) - RF (Shokhin)

VNO-NCW
President

RSPP
President

Energy

Agriculture

Techn. & Innov.

Banking

- Kaluga
- ***Delta***
- Storage for Gas
- CNG, vehicles on gas

VNO - Vereniging van Nederlandse Ondernemers

NCW - Nederlands Christelijk Werkgeversverbond

RSPP - Russian Union of Industrialists and Entrepreneurs

Energy

Co-Chairmen – Energy Working Group

Victor Vekselberg – TNK-BP (CEO)

Gertjan Lankhorst – Gasterra (CEO)

* No meeting of “Gemengde Commissie” in 2007
Input by JBD only (directly)

The key to a successful PPP is a sound long-term agreement with flexibility

- Partnership starts with emotion, but agreements and arrangements will deal with the future (long term), so be flexible (EM)

  Partnership

- Green field developments, joint efforts are needed (Russia, Iran, etc) and given the NOC reserve base; NOC/IOC cooperation needed.

  Partnership

- Logistics should focus on the fuel of choose: fossil fuels and here partnership is possible (none regulated business)

  Partnership

- Power should focus on the fuel of choose, natural gas: partnership possible, enlarging the value chain.

  Partnership

- Transition fuel: natural gas, with a possible combination of wind, bio, sun, name it !!!: possible, but legal frameworks are still quite weak.

  Partnership ???

- CCS and natural gas storages, uncertain, given the possible EU legislation: regulated???, ……. others are needed??? !!!!!

  Service Providers