
3 hurdles still facing the Nord Stream 2 pipeline

The Russia-to-Germany pipeline is mechanically complete, but final technical work, safety and regulatory hurdles loom.



There's still a long way to go before the Nord Stream 2 pipeline can start pumping gas | Sean Gallup/Getty Images

BY AMERICA HERNANDEZ

September 12, 2021 | 7:41 pm



PRESS PLAY TO LISTEN TO THIS ARTICLE

0:00 / 0:00

Voiced by Amazon Polly

The Nord Stream 2 offshore pipeline is mechanically complete — but there's still a long way to go before it can start pumping gas.

The pipeline stretches some 1,200 kilometers under the Baltic Sea in two parallel strings, and would allow an additional 55 billion cubic meters (bcm) of gas to flow straight to the EU without using existing routes across Ukraine.





"It is now clear to everyone, including, by the way, opponents of Nord Stream 2, who desperately opposed the construction, that it is simply impossible to stop it," said Russian foreign ministry spokesperson Maria Zakharova. "The time has come to agree on reasonable, mutually beneficial parameters for the operation of the gas pipeline."

But a spokesperson for Ukrainian President Volodymyr Zelenskiy on Friday said: "Ukraine will fight against this Russian political project until and after its completion and even after the start of gas deliveries."

Polish Prime Minister Mateusz Morawiecki met with German Chancellor Angela Merkel on Saturday and both pledged to ensure that gas continues to flow across Ukraine, an effort to allay Kyiv's fears that the Kremlin will use Nord Steam 2 as a geopolitical weapon.

Russia's state-owned Gazprom, which owns the Nord Stream 2 AG company, said it hopes to be able to ship 5.6 bcm of gas through the pipeline before the end of this year.

But first, it needs to put the final touches on construction, check the gas link for safety, and obtain a license to operate from Germany's energy regulator.

1. Final welds and technical work

The last two sections of metal pipe were welded together on the Danish-German maritime border then lowered to the seabed Friday morning.

But it's unclear whether the offshore pipeline strings still need to be physically connected on land in Russia and Germany — a final step referred to as the "golden weld."

For now, the offshore pipeline pieces need to be cleaned and then checked for leaks and other potential problems — called pre-commissioning. Depending on the technique used, it could take as little as three months. The pipeline's first string, which was completed earlier this summer, began pre-commissioning on June 11, according to the company — meaning that first line could be ready any day now.

"If the so-called dry pre-commissioning technique is used ... then the process could be finished in September" for the first string, said Katja Yafimava, senior research fellow at the Oxford Institute for Energy Studies.

That entails filling the pipe with dry air to check for leaks, then flushing the inside with nitrogen to ensure no oxygen is left when the line is later loaded with explosive natural gas. It's faster than the traditional method of using water to check for leaks, then drying out the pipe.

Mateusz Kubiak, energy analyst at the Esperis consultancy in Warsaw, is skeptical of that quick timeline.

He pointed out that energy technology company Baker Hughes, previously identified as a contractor for pre-commissioning, cut ties with the Nord Stream 2 project to avoid U.S. sanctions, according to the February State Department sanctions report. So did Bilfinger, another pipeline services company.



"We have seen official news that it has started, but we don't know who is executing the pre-commissioning and how it's going," said Kubiak. "After the pre-commissioning, the ultimate technical certification will have to be secured, and only then can the proper commissioning begin, including [filling the line with gas], so it seems improbable that the gas flows could start already within the coming weeks."

2. Safety certification

Nord Stream 2 needs to receive a safety certificate from an independent, internationally recognized certifier before being filled with natural gas.

Norwegian certifier DNV GL cut ties with Nord Stream 2 to avoid U.S. sanctions in January, but said it was open to resuming services when legal.

Nord Stream 2 declined to comment on which certifier, if any, it planned to use, and whether that entity was currently observing the pre-commissioning tests.

The U.S. State Department, in its latest sanctions report, identifies no companies as having carried out either pre-commissioning activities or certification services from May to August.

"We continue to examine entities potentially engaged in sanctionable behavior" but do not "comment on any confidential interactions with companies," a U.S. State Department spokesperson said Friday.

In Congress, ranking Republicans last month accused the Biden administration of failing to sanction certification entities involved in the project.

“Any foreign entity that participates in the testing of Nord Stream 2 is subject to U.S. sanctions,” Senator James Risch and sanctions co-author told POLITICO. “The administration knows this is true, and must take decisive action before it is too late.”

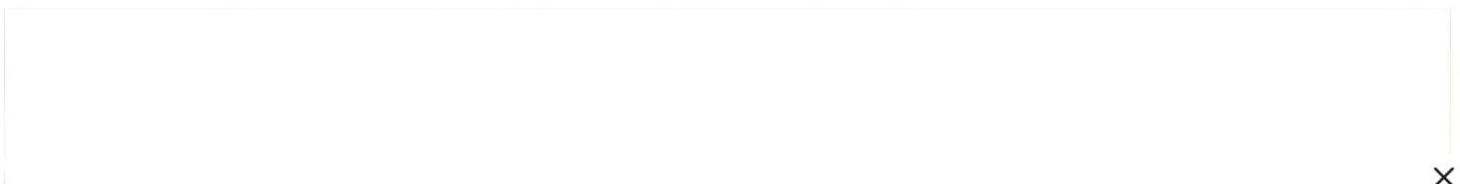
3. Regulatory approval

As a final step, Germany's energy regulator, the Bundesnetzagentur, must certify that the pipeline's ownership and operating models comply with all EU gas regulations.

Nord Stream 2 submitted its paperwork June 11. The certification process can take up to 10 months, and allows for the European Commission to opine on a draft ruling before any final determination is made. Poland's state-owned energy company PGNiG has also applied for the right to present evidence against the pipeline, while Ukraine has invoked its formal right to be consulted by the European Commission during the process.

But the Bundesnetzagentur could still theoretically grant a provisional approval if it is convinced high gas prices and low supply stocks threaten Germany's energy security before winter.

"I think it is possible — but not certain — that the Bundesnetzagentur could issue a provisional certification decision outlining the specific conditions that must be met by the pipeline's operator, while allowing the gas flows to start before those conditions are fully met and in parallel with those conditions being implemented," Yafimava said. "There is also an important question [as to] whether Germany will attempt to make Nord Stream 2 certification in any way conditional on Gazprom's commitment to post-2024 Ukraine transit."



A thornier issue is whether the German regulator uses the right assessment criteria: A recent EU court ruling found that Germany's national energy laws do not correctly apply EU gas rules and fail to grant its regulator proper independence.

"The German law now needs to be interpreted so that its application follows the rules set out in the [EU] Gas Market Directive," said Kim Talus, director of Tulane University's Center for Energy Law and an expert in European energy law.

Nord Stream 2 is also suing to be free of EU gas rules, arguing they illegally discriminate against it.

This article is part of POLITICO's premium policy service: Pro Energy and Climate. From climate change, emissions targets, alternative fuels and more, our specialized journalists keep you on top of the topics driving the Energy and Climate policy agenda. Email pro@politico.eu for a complimentary trial.

MORE FROM ... **AMERICA HERNANDEZ**

Most Read Articles

1. Another debate win for Scholz puts German chancellery in reach

SEPTEMBER 13, 2021 | 4:41 AM

2. Le Pen launches presidential bid as TV star lurks in wings

SEPTEMBER 12, 2021 | 8:01 PM

3. Norway's Labor Party on course for election win

SEPTEMBER 14, 2021 | 1:18 AM

4. Volvo's battle to ensure there's a future for cars in its Swedish hometown

SEPTEMBER 3, 2021 | 11:23 AM

5. England scraps vaccine passport plan

SEPTEMBER 12, 2021 | 12:22 PM



This material is distributed by Yorktown Solutions, LLC on behalf of the All-Ukrainian Industry Association "Federation of Employers of the Oil and Gas Industry." Additional information is available at the Department of Justice, Washington, D.C.