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Algeria Gas Import Interruption Could Cost Italy EUR989 Million-Study

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By Liam Moloney

ROME--An interruption of natural gas imports from Algeria would cost Italy almost 1 billion euros (\$1.33 billion) extra as the peninsula would need to switch to more expensive oil, according to a study published Wednesday, highlighting dependency risks from the North African nation.

The Italian electricity sector, where almost half of power is generated from gas, would face additional costs of EUR989 million from the interruption of Algerian gas supplies, energy consultant Althesys said.

The study didn't specify how long the interruption would need to last to reach that figure.

Algeria was Italy's biggest gas supplier in 2011, representing 32.6% of total imports, with volumes of 22.95 billion cubic meters. This is worth about EUR8 billion on average prices on the spot market, said Althesys.

Last week Islamic militants attacked a complex operated by BP PLC (BP), Norway's Statoil ASA (STO) and Algeria's state energy company Sonatrach, which accounts for 12% of Algeria's gas output.

At least 37 foreigners died in the subsequent attempt by the Algerian military to free them and regain control of the facility located in the Sahara desert.

On the second day after the attack, Algerian imports to Italy fell on the day by more than 13%, said the country's gas grid. By Friday, imports had returned to normal levels.

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