Gas Interconnection Poland – Lithuania (GIPL): Backbone of Regional Market Development

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GIPL – What is behind?

- Integration of the Baltic states into the EU gas market
- Access to the global LNG market for the Baltic states

- Diversification of gas supply sources and routes
- Security of gas supply
- Enhancement of competition

GIPL – Key facts

Preliminary characteristics:

- ► Capacity - 2.3 bcm/y (with possible extension up to 4.5 bcm/y)
- ► Length 562 km (351 km – PL, 211 km – LT)
- ► Expected costs – 471 mEUR

Upcoming steps:

- ► Feasibility study : 2013
- ► PCI status : 2013-2014
- ► In operation : 2017

GAZ system

LIETUVOS DUJOS

Gas import capacities – How much is enough?

- **Market size (bcm/y):**

	LT	LV	EE	∑
2011	3.4	1.6	0.6	**5.6**
2020	2.65	1.75	0.8	**5.2**

- **Import capacities:**
  - **Existing (from Russia) = ∑ 14.8 bcm/y**
  - **Planned (diversified supply) = ∑ 10.5 bcm/y**

GIPL – Economics

- ► Economics (capacity usage) highly depends on other diversification projects
- ► External financing (EU financial support) is indispensable and depends on capacity usage
- ► Costs allocation between benefiting countries should be foreseen
- ► Impact on TSOs tariffs (minimal impact on final consumers must be secured)

GIPL – a way to finish Baltic States isolation

- Developments of the transmission system in Poland include aspects related to EU policies
- Crucial part of broader concepts: **North-South Gas Corridor & BEMIP**
- Number of Interconnection Points and Transmission System Upgrades
- Coordination of the regional infrastructure projects

Setting the stage for the new supply potential

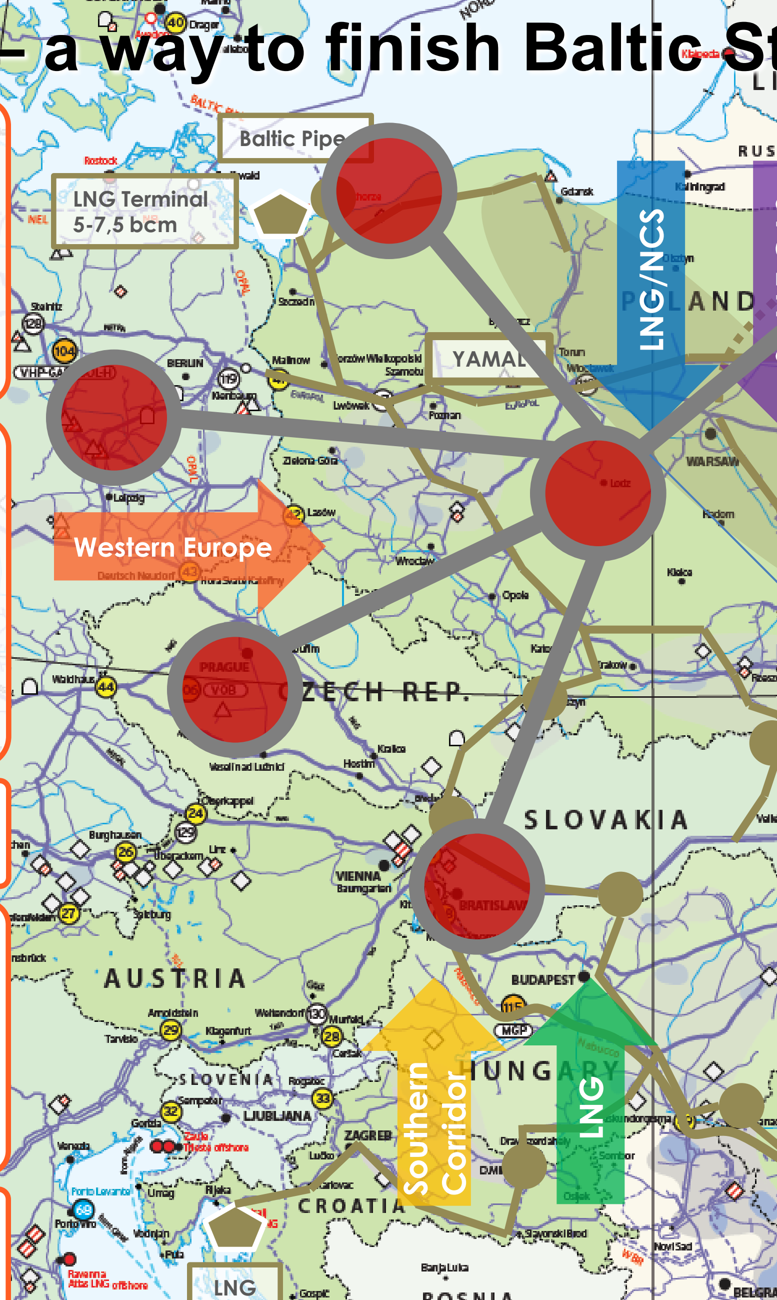
- New European status for the transit Pipelines – **YAMAL**
- New supply projects –**LNG in PL, BALTIC PIPE, LNG in CR, NABUCCO/SOUTHERN CORRIDOR,**
- Spare capacity in existing infrastructure – **BROTHERHOOD**
- New indigenous sources of gas – **SHALE GAS**

Creation of Liquid and Competitive Natural Gas Market in Poland

Integration/Coupling with Adjacent Markets

- Liquid Market Area
- Potential to attract large Players
- Area with many different sources of supply
- Base for future Common Market/Balancing Platform

- **BEMIP**
- **NORTH-SOUTH**
- **DE-PL**



Infrastructure development in PL

LNG Terminal in Świnoujście

Under construction, operational in 2014 with 5 bcm regasification capacity, with possibility for further expansion.

Further development of DE-PL (Lasów)

Modernization completed in January 2012. Capacity upgraded to 1,5 bcm. Further development is currently being analyzed with ONTRAS (DE).

Reverse flow on Yamal Pipeline (DE-PL)

The virtual reverse flow enabled in 2011. Ongoing work to ensure the physical reverse flow with GASCADE (DE).

PL-SK Interconnection

Comprehensive technical, economic and environmental analysis together with the feasibility study to be performed together with Eustream (SK) till the Q1 of 2013

Further development of PL-CZ

Interconnector in operation from Sep 2011 - 0,5 bcm. Further development is currently being analyzed jointly with Net4Gas (CZ). Results of Business case analysis are foreseen till Q3 2012.

Baltic Pipe

Preparatory works ongoing, construction when market interest confirmed

Thank you for your attention!