

Regional cooperation between transmission system operators – Polish perspective

*Shaping the path for common regional
gas market in Visegrad countries*

May 16, 2013



Adam Marzecki, Development Division
Gas Transmission Operator GAZ-SYSTEM S.A.

Natural gas infrastructure in the V4 region

The N-S corridor in the CEE region

Key role of the Polish transmission system in the region

Connecting the Baltic Sea region with the CEE countries

Coordination of the regional infrastructure projects

Setting the stage for the new supply potential

Infrastructure leverage

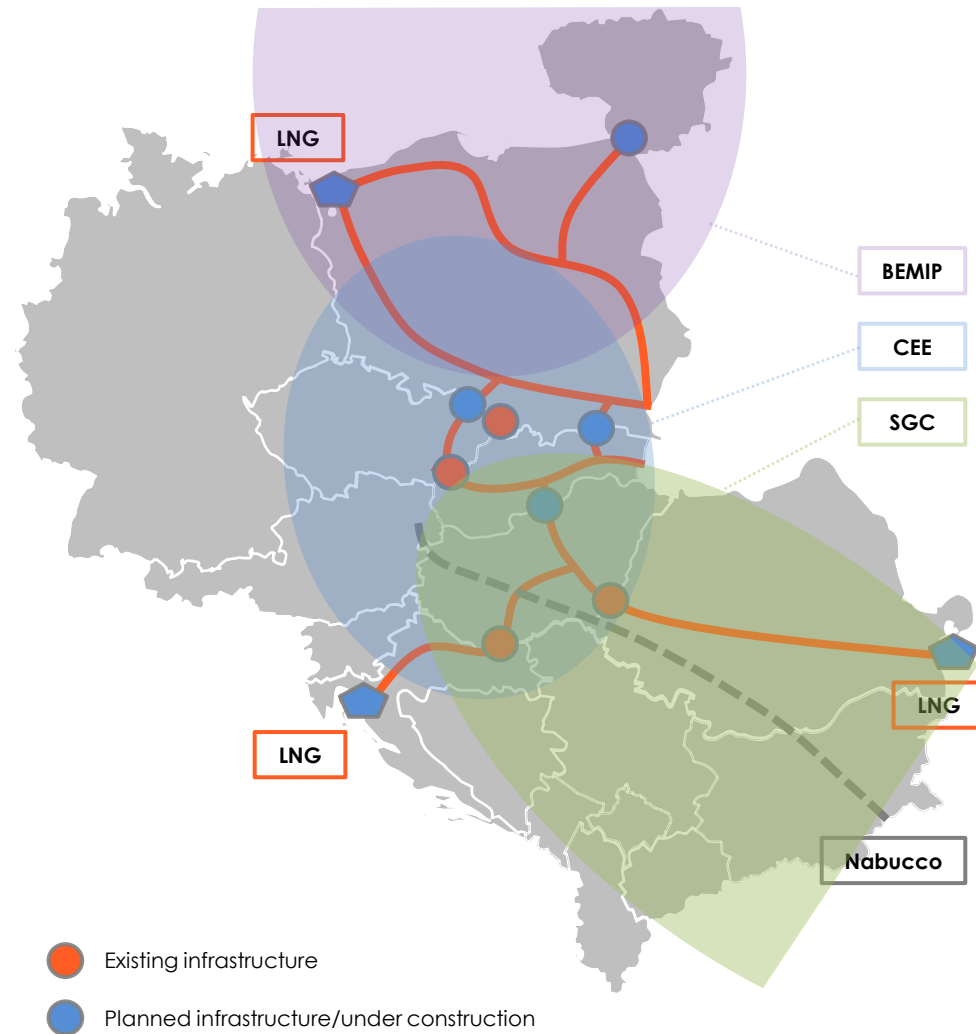
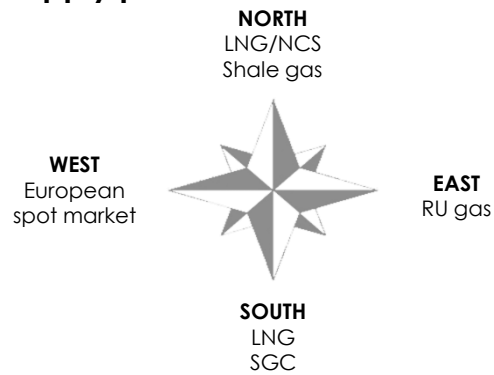
Relatively low costs of new infrastructure provide leverage for lower commodity prices for end-users

New investments facilitate new possibilities for the market

Creating attractive supply-mix for the region

Enhancing economic competitiveness of the region's economies

Supply potential



The Concept of N-S Gas Corridor in CEE



THE CONCEPT

The North-South Gas Corridor aims to interconnect the LNG terminal in Świnoujście, through southern Poland, the Czech Republic, Slovakia and Hungary, with the proposed Adria LNG terminal in Croatia. The North-South Gas Corridor does not constitute one single project, but a number of bilateral interconnection gas pipelines and national pipelines which already exist or are in various stages of planning and construction.



EU INFRASTRUCTURE POLICY

New Regulation concerning EU Infrastructure Priorities, published in May 2013, which will serve to choose, support and monitor the implementation of Projects of Common Interest.

Important role of N-S Gas Corridor projects within the priority area of North-South Interconnections in Eastern Europe



V4 GROUP COUNTRIES (CZ, HU, SK, PL)

Strong political cooperation in the field of natural gas supporting interconnected, diversified and competitive regional market, while providing Security of Supply. The need for physical integration via North South Gas Corridor constitutes a flagship initiative of the V4 cooperation.

Series of High-level agreements concluded:

Budapest Declaration (Feb 2010), MoU on M-S Interconnections (Nov 2011), EU Council Conclusions welcoming V4 MoU (Dec 2011)



BILATERAL COOPERATION – PROGRESS SO FAR

Business Case Analysis for PL-CZ and PL-SK interconnections performed. Feasibility studies ongoing.

SK-HU Interconnection under construction with commissioning date in 2015.

HU-CR Interconnection commissioned in 2011.

MoU on cooperation between GAZ-SYSTEM and Plinacro signed in September 2012.

Implementation of the N-S corridor in Poland



- 2022
- 2021
- 2020
- 2019
- 2018
- 2017
- 2016
- 2015
- 2014
- 2013
- 2012
- 2011
- 2010

Linking the CEE and Baltic regions

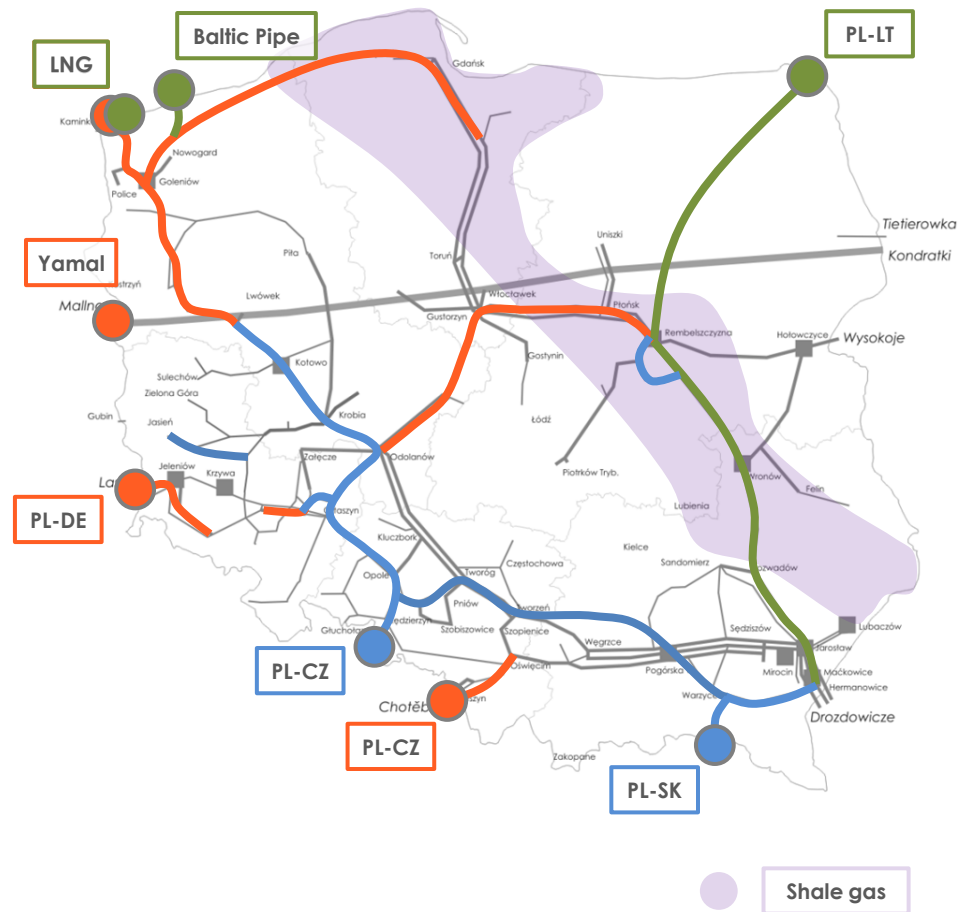
Expansion of LNG terminal in Świnoujście
 PL-LT interconnection
 Further development of the transmission system
 Development of new UGS capacities and commercial development of shale gas business area

Creating the N-S corridor in the CEE region

PL-CZ interconnection in Hat
 PL-SK interconnection
 Development of internal network to ensure high level of supply reliability and improved interoperability between the CEE systems

Connecting the gas market in Poland

LNG terminal in Świnoujście
 Enhancement of the internal grid - more than 1,000 km of new pipelines
 PL-CZ interconnection in Cieszyn
 Upgrade of PL-DE interconnection in Lasów
 Physical reverse flow on the Yamal pipeline



Platforms of cooperation between the TSOs

Close bilateral cooperation between the TSOs in terms of infrastructure development as well as e.g. CAM implementation (auctions, harmonized products etc.)

PL-CZ Interconnection

PL-SK Interconnection

PL-DE Interconnection - Mallnow

PL-DE Interconnection - Lasów

PL-LT Interconnection

Cooperation on the gas regional working groups (NSI, BEMIP)

Identification of Projects of Common Interest in the region

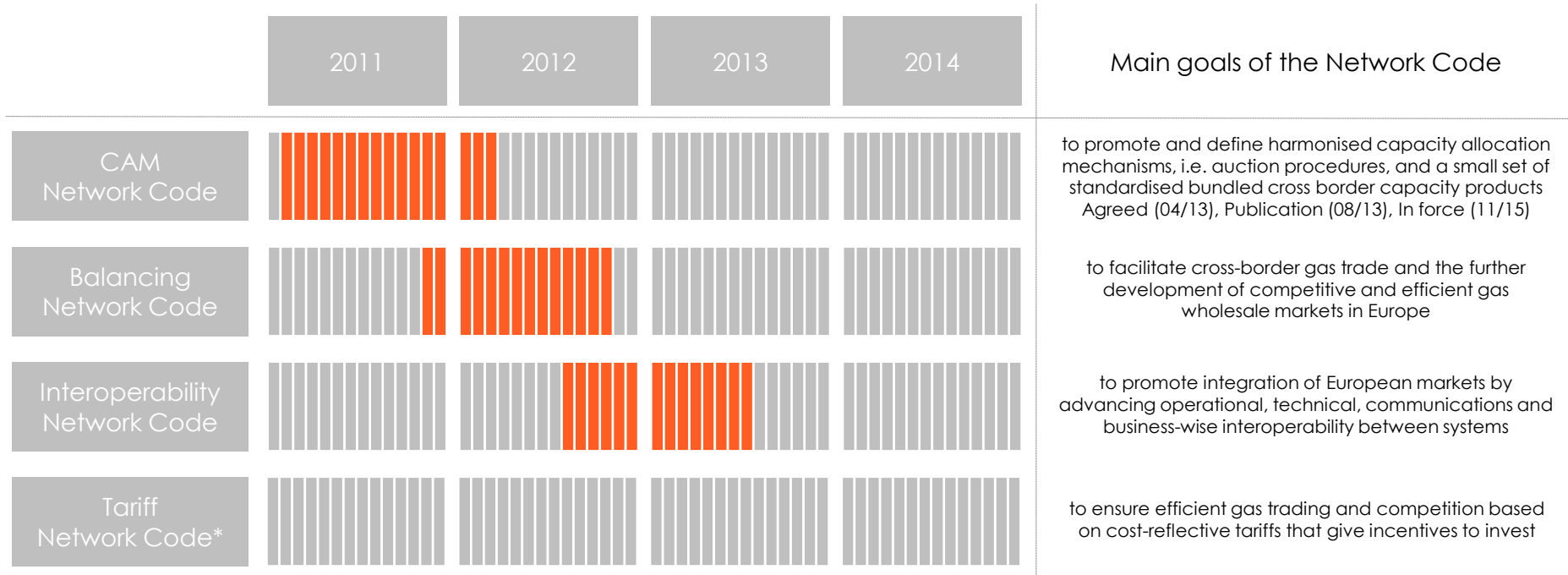
Cooperation on the ENTSOG forum – TYNDP/GRIPs

Cooperation with the EU TSOs in regards to the Ten Year Network Development Plan preparation

Cooperation with the EU TSOs in regards to the preparation of the Gas Regional Investment Plans (BEMIP and CEE)



Implementation of the Network Codes



CAM Roadmap

GAZ-SYSTEM together with ONTRAS are implementing a pilot project for establishing bundled capacity products at the PL-DE interconnection point in Lasów (first auctions to take place in June 2013)

Main provisions of CAM and Balancing Network Codes are already implemented in Poland

 Network Code development process by ENTSOG

* - schedule for Tariff Network Code development process to be defined shortly

Conclusions

→ TSOs from the V4 region already laid first foundations by construction of CZ-SK reverse flow and PL-CZ/SK-HU interconnectors

→ TSOs have identified a number of infrastructure projects which will further enhance the process of market integration in the CEE region (NSI regional working group)

→ Implementation of these projects shall stipulate the market integration

→ Implementation of the Network Codes shall enable the possibility to harmonize the market rules in all countries

→ The projects will need strong support (also from the governments) in the form of:

- clearly defined energy policies recognizing the role of natural gas
- regional dialogue and coordination (V4 platform seems adequate)
- stable and predictable regulatory regimes incentivizing investments
- harmonized market rules - regional level playing field
- engineering and construction regulations streamlining investment process, particularly with regards to acquisition of „right of way”

Thank you for your attention