THE CHALLENGES AND OPPORTUNITIES OF EU-UKRAINE GAS MARKET INTEGRATION

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GAZ-SYSTEM’S INFRASTRUCTURE PROJECTS

BALTIC PIPE:
- **Capacity**: 10 bcm/y towards PL
- **Project role**: connection of Poland’s transmission system with natural gas deposits in Norway
- **Status**: Design phase

LNG TERMINAL IN ŚWINOUJŚCIE:
- **Capacity**: 7.5 bcm/y
- **Project role**: access to the global LNG market, small scale services
- **Status**: Preparatory works finalised

POLAND – SLOVAKIA INTERCONNECTION:
- **Capacity**: 4.7 bcm/y towards SK, 5.7 bcm/y towards PL
- **Project role**: integration of the gas markets by creating a large transportation corridor between both countries
- **Status**: CA signed in April 2018 (FID)

POLAND – LITHUANIA INTERCONNECTION:
- **Capacity**: 2.4 bcm/y towards LT, 1.9 bcm/y towards PL
- **Project role**: integration of the isolated gas markets in the East Baltic region, diversification of supply
- **Status**: CA signed in May 2018 (FID)

POLAND – UKRAINE INTERCONNECTION:
- **Capacity**: 5 bcm/y towards UA and PL
- **Project role**: connection of Poland’s and Ukraine’s systems to diversify gas supplies for Ukraine and further integrate transmission networks and markets in Eastern Europe
- **Status**: Market screening ongoing until 08 June 2018

POLAND – CZECH REPUBLIC INTERCONNECTION:
- **Capacity**: 5 bcm/y towards CZ, 6.5 bcm/y towards PL
- **Project role**: integration of the gas markets by creating a large transportation corridor between both countries
- **Status**: pre-investment phase
REGIONAL PERSPECTIVE

PROJECTS
► Targeted approach to infrastructure needs
► Internal pipelines and interconnections to provide regional integration

SUPPLY
► Integrated regional market in the CEE and SEE regions
► Attracting new supply potential: LNG, NO, SGC, indigenous sources

LEVERAGE
► Relatively low costs of new infrastructure provide leverage for lower commodity prices for end-users
► Enhancing economic performance of the economies in the region via lower energy cost and gas-to-gas competition

SOFTWARE
► Implementation of the EU network codes and market based solutions
► Creating conditions for regional trading
GAZ-SYSTEM is supporting the development of natural gas market in Ukraine.

- November 2012: The first EU TSO to provide gas supplies to Ukraine.
- March 2018: Emergency supplies from Poland.
- Assistance in the regulatory area:
  - First Ukrainian TSO network code.
  - Market Procedures.
  - Support of Energy Community processes.
- Unbundling:
  - Sharing experience in the unbundling process.
  - Active engagement in the EU-UA cooperation.
- Infrastructure:
  - Capacity extension at Hermanowice IP.
  - New IP Project.
  - VIP as target solution.
- Market screening procedure underway.
  - Open Season.
CHALLENGES

► Future role of natural gas and infrastructure in the CEE Region?

► Natural gas sources and Gas-to-Gas Competition

► Hardware and Software: Infrastructure projects + regulatory framework

► Ukrainian Choices
THANK YOU FOR YOUR ATTENTION