

**POLAND – UKRAINE GAS INTEGRATION
3RD WORKSHOP OF THE EAP
SUB-SECTORAL NETWORKING GROUP ON LNG MARKETS**

20 September 2019, Kyiv, Ukraine



DEVELOPMENT OF THE POLISH TRANSMISSION SYSTEM

GAZ-SYSTEM, as the gas transmission system operator in Poland, is implementing a wide investment programme interlinked also with the LNG Terminal in Świnoujście.

In **2022** perspective GAZ-SYSTEM plans to **complete over 2200 km of new gas pipelines** in western, southern and eastern parts of Poland including the interconnections with the neighbouring countries.

More specifically GAZ-SYSTEM is developing:

- ✓ **the Baltic Pipe Project, recognized as a strategic diversification project that will provide a direct connection to the Norwegian Continental Shelf and create a new gas supply corridor in the European market,**
- ✓ **cross-border interconnections with Ukraine, Lithuania, Slovakia and the Czech Republic,**
- ✓ **expansion of the domestic transmission system,**
- ✓ **A new FSRU terminal (Floating Storage and Regasification Unit)– FSRU in the Bay of Gdansk**

As of **2022** the technical capability of import of gas to Poland from other than eastern direction **will change significantly.**



PROVIDING NEW POSSIBILITIES TO THE CEE/BALTIC REGION

BALTIC PIPE

Capacities:

3 bcm/y towards DK

10 bcm/y towards PL

Commissioning: 2022

PL-SK INTERCONNECTION

Capacities:

4.7 bcm/y towards SK

5.7 bcm/y towards PL

Commissioning: 2022

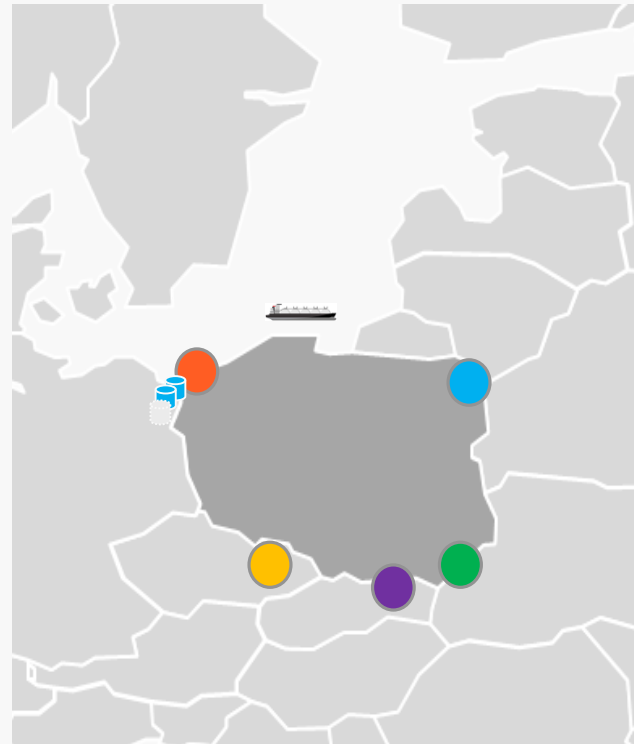
PL-CZ INTERCONNECTION

Capacities:

5 bcm/y towards CZ

6.5 bcm/y towards PL

Commissioning: 2023 perspective



LNG TERMINAL

Capacity upgrade: 7,5 bcm/a

Commissioning: 2023

FSRU in port of Gdańsk

Capacity (I stage): 4,5 bcm/y

Commissioning: 2025

PL-LT INTERCONNECTION

Capacities:

2.4 bcm/y towards LT

1.9 bcm/y towards PL

Commissioning: 2021

PL-UA INTERCONNECTION

Capacities:

5 bcm/y – both directions

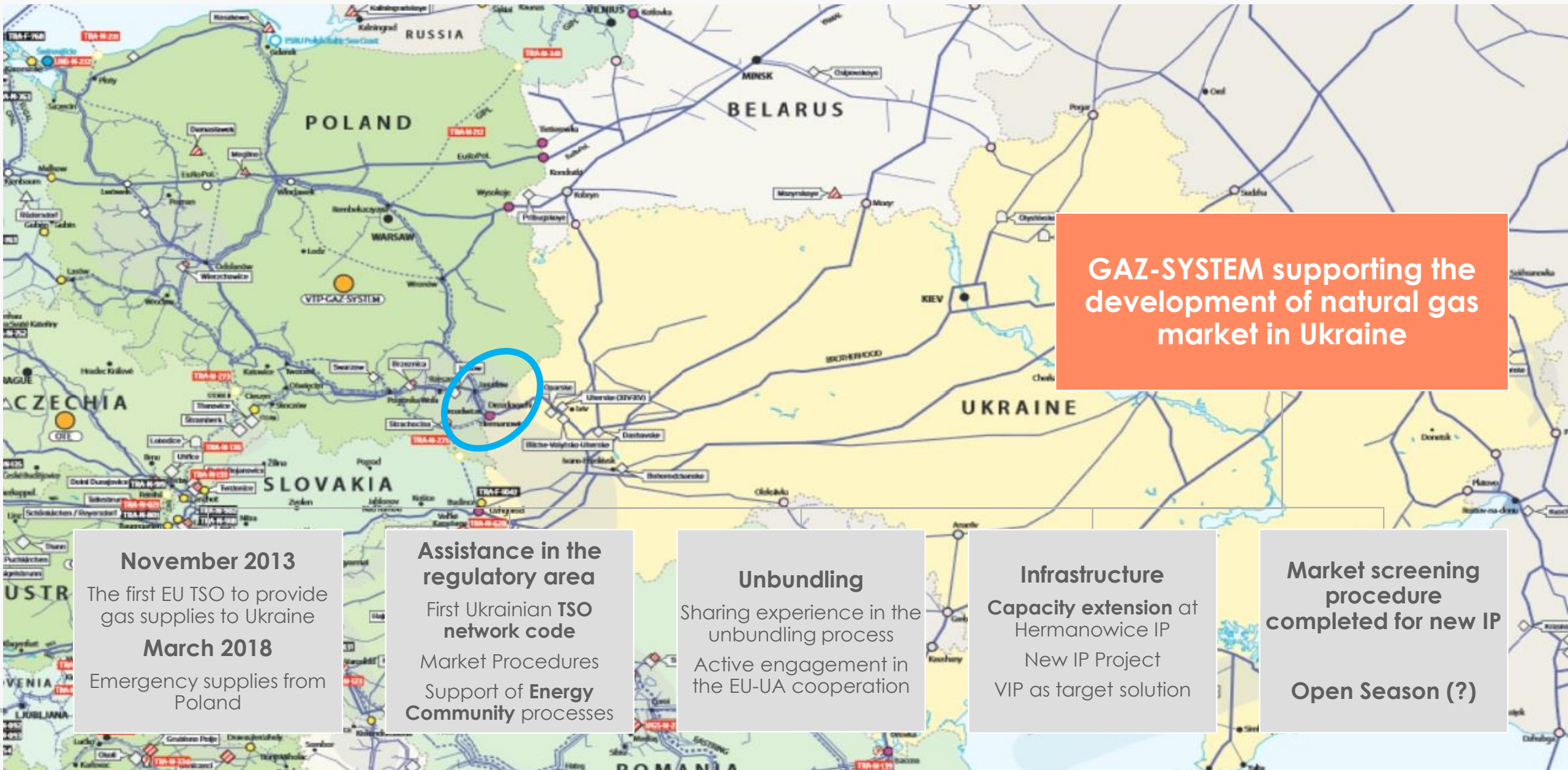
Commissioning: 2022 or later perspective

STOP WISHING AND START DOING – MAJOR ACHIEVEMENTS

- ✓ **LNG Terminal in Poland is fully operational as of 2016. In 2018 a positive final investment decision was adopted for extension of the LNG Terminal regasification capacity as well as for providing new services such as LNG bunkering, transshipment and rail loading.**
- ✓ **Finalisation of the binding Open Season Procedure for the Baltic Pipe Project.** The success of the Procedure allowed for **conclusion of the Capacity Agreements** with market participants for the period of **15 years (starting from 2022) and commencement of the design** phase in Poland and Denmark respectively.
- ✓ **Commencement of the construction works** for all internal gas pipelines **within framework of North-South Gas Corridor.**
- ✓ **Adoption of positive final investment decisions** for gas interconnections with **Lithuania and Slovakia in 2018 allowed for:**
 - Commencement of the construction works for the Poland – Slovakia gas interconnector on both sides.
 - Launching of the tendering for the construction works for the Poland – Lithuania gas interconnector on both sides.
- ✓ **Completion of the design phase** for gas interconnectors with Czech Republic (STORK II) and Ukraine.

Development of the PTS is very advanced, most of the projects (gas pipelines and other facilities) scheduled for 2022/2023 perspective **are at the end of designing phase or already under construction.**

COOPERATION BETWEEN POLAND AND UKRAINE



GAZ-SYSTEM supporting the development of natural gas market in Ukraine

November 2013
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 completed for new IP

Open Season (?)

PL-UA INTERCONNECTION (EXISTING IP)

Drozdowicze IP

Direction:
UA→PL

- Capacities:
- firm: 4.38 bcm/a
 - interruptible: 5.69 bcm/a



Hermanowice IP

Direction:
PL→UA

- Capacities:
- 1.46
bcm/period
 - 1 Sept. – 30 April**
→ 0.5
bcm/period
 - 1 May – 31 Aug.**

Transmission service is provided on the interruptible firm basis (interruptible firm capacity).

INCREASING OF THE GAS /LNG DELIVERIES TO UKRAINE – EXISTING INFRASTRUCTURE

Current transmission capacity towards Ukraine depends, among other things, **on the volume of natural gas transportation from Ukraine to Poland**, the distribution of customer demand across the country, as well as the operation of Underground Gas Storage facilities. Thus, such service is **offered on interruptible conditionally firm basis**, which means that it may be interrupted or limited due to gas flow conditions in transmission systems.

Currently a new Annex to the IA has been agreed for the existing interconnection (implementation of European rules for Hermanowice and Drozdowicze IPs). **GAZ-SYSTEM and Uktransgaz are planning to introduce European solutions, which – once implemented – will facilitate the future cross-border trading.**

The goals are to introduce:

- Market based access to capacity – usage by both TSOs capacity booking platform
- Full implementation of the NC CAM rules (including the VIP).

Limitations:

- current contractual conditions as well as the dependence of the transmission services in Ukraine direction on gas deliveries from Ukraine to Poland.
- Harmonisation of the Network code and other regulations in Ukraine with EU Legislation

INCREASING OF THE GAS /LNG DELIVERIES TO UKRAINE – FUTURE PERSPECTIVE

Polskie LNG S.A. is already conducting **an expansion program, which will allow to increase significantly the regasification capacity of the Terminal** as well as develop additional services for customers. New **FSRU project is under consideration, it's capacity will be defined basing on the marked demand scenario**. Therefore it is the most convenient moment **to initiate discussions in the field of future deliveries of LNG to Ukraine**.

New opportunities for the market will be available after the completion of expansion of the National Transmission System - especially Baltic Pipe, completion of works under the N-S Corridor. **The additional scope of expansion for increased gas deliveries to Ukraine is under evaluation, however, the decision on its implementation mostly depends on the market interest**.

In 2018 both TSOs completed the non-binding market screening procedure to estimate the level of market participants' demand for the capacity at the Poland-Ukraine border (in both directions of the flow). **The result was positive, but the decision on launching of the binding phase of the Open Season is missing**.

Any volume larger than currently available at the PL-UA border requires additional investments in the transmission system in Poland. **These investments should be based on a binding market interest for both – LNG deliveries to Poland as well as capacity allocation at the PL-UA border - that will ensure their financing**.

THANK YOU FOR YOUR ATTENTION

