Opening the Southern Gas Corridor
Natural Gas Reserves in trillion cubic metres

*BP World Energy Statistical Review 2012*
Southern Gas Corridor Project

Diversity and security of energy supply for Europe

- TAP supports the EU’s initiative to enhance Europe’s energy security by connecting to new sources of natural gas in the Caspian Sea
- TAP selected by the Shah Deniz Consortium as the transportation route to Europe and will be the first pipeline to open the Southern Gas Corridor
- 10 bcm/y (expandable to 20 bcm) initially available from Shah Deniz II will be able to supply 7 million households in South Eastern and Western Europe
On July 30th new shareholders joined the project, enhancing TAP’s strategic position in becoming an integral link between upstream and downstream businesses.
Cooperation along the SGC

**DESFA**
Cooperation Agreement (July 2013) on M&O of TAP’s Greek section and on interconnection points with DESFA

**SRG**
Regular meetings with SRG to align on technical and commercial issues.

**TANAP**
Cooperation Agreement signed in November 2012. TAP- TANAP Joint Working Group in place.

**Cooperation Agreement (June 2012) Funding Agreement (August 2012) and Shareholder Agreement (July 2013)**

**SDC**
Options for Bringing Gas to Europe

- **TAP** will connect to the Italian natural gas grid to provide firm capacity at the **Italian virtual trading point (PSV)**, from which all Italian gas exit points can be reached.

- **TAP** can reach Austria via TAG pipeline:
  - 6 bcm/a reverse technical capacity
  - 25 bcm/a average swap potential (2011)

- **TAP** can reach Switzerland, Germany and France via **Transitgas** pipeline through Switzerland, e.g.:
  - virtual backhaul of approx 10 bcm/a
  - planned physical backhaul of 15 bcm/a
Gas to Germany and Switzerland using reverse flow on Transitgas

Although currently no firm capacity from Italy to Germany is available:

- Typical flow from Germany and France to Italy will allow for a virtual backhaul of approximately 10 bcm/a

- FluxSwiss (Transitgas) offers already today virtual backhaul capacity of 2 bcm/a and will explore feasibility of higher backhaul capacity on request

- Snam Rete Gas and Open Grid Europe offer capacity in adjacent grids in Italy and Germany
Grid operators Snam Rete Gas and Fluxys signed Memorandum of Understanding in August 2012 to develop **physical reverse flow capacities between Italy and the UK**.

Managing Director of Fluxys announced that the company is “committed to investing in the project to enable south-to-north flows”.

**Objective:** interconnect gas markets of Italy, Switzerland, Germany, Netherlands and Belgium

**Volumes:** up to 15 bcm/a physical reverse flow by 2018

This will create a new natural gas supply route to the UK in the future.
Connection to Bulgaria

TAP can provide Bulgaria with a new source of gas through existing and planned infrastructure.

Reverse flow on Kula/Sidirokastro

*Existing capacity* (Bulgaria-to-Greece direction): 4.3 bcm/y

*Reverse Flow capacity*: up to 4.3 bcm/y

IGB

Designed to connect Greece (Komotini) to Bulgaria (Stara Zagora)

*Planned Capacity*: up to 3 bcm/y (option for capacity increase to 5 bcm/y)
Cooperation with IAP

Energy supply opportunities for SEE via IAP

Bilateral Agreements on IAP with TAP:
• Plinacro (Croatia) Feb 2011
• BH-Gas (Bosnia-Herzegovina) April 2011
• MoE Montenegro May 2011
• METE Albania July 2011
• Plinovodi (Slovenia) Sept 2011

Political support in the region:
• Foreign Ministers of Albania, Bosnia and Herzegovina, Croatia, Greece, Italy and Montenegro: Joint Declaration in support of TAP and IAP, Dubrovnik 13 June 2013
• Adriatic and Ionian Initiative Council: Declaration in support of TAP and IAP, Brussels 27 May 2013
• Albania, Bosnia and Herzegovina, Montenegro, Croatia sign MoU in support of TAP and IAP, Tirana 23 May 2013.
What’s next for TAP?

2013

TAP Selection

4Q 2013

TAP Resolution to Construct

2014

4Q 2013

Shah Deniz II Final Investment Decision

2015

End 2014

Final Contract Award

2016

2017

2018

2019

Pipeline Construction

Early 2019

First Gas / TAP starts operations
Massive Effort in Developing TAP

Key Steps Prior to Pipeline Construction

Technical Excellence Mobilised

- FEED completed in March 2013
- World class engineering expertise of Statoil and E.ON mobilized
- Pre-qualification for steel pipe producers, onshore pipeline construction services etc. started (January 2013)
- Land Easement and Acquisition started - 200 members of LEA teams in Albania, Greece and Italy will seek to enter into negotiated settlements with affected landowners and land users along the route

Next steps

- Tendering Phase 4Q 2013 – Q4 2014
- Detailed engineering 4Q 2014
- Building access roads in Albania 4Q 2014
Sound Financing Approach

Investment confidence

Robust and creditworthy shareholders support a strong and solid business case, thus enabling greater flexibility of financing conditions.

- Liquidity in a difficult economic climate
- No reliance on subsidies or grants
- Discussions initiated with International Financing Institutions including EBRD and EIB as well as various Export Credit Guarantee Agencies
- Banks signalled willingness of the market to provide financing

March 2013
TAP and members of the Shah Deniz Consortium have selected Société Générale Corporate & Investment Banking to provide financial guidance to the project during its preparatory and construction phases.

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ESIA Process on Track

Complying with EBRD requirements

- **The most optimal route** through Greece, Albania, and Italy selected
- **Engaging in transparent** and **open dialogue** with all stakeholders
- **Avoiding natural reserves**, densely populated areas, and cultural heritages sites
- Full ESIA in Greece (August 2013), updated ESIA in Italy (September 2013)
- ESIA approved, environmental permit received in Albania (April 2013)
- Public consultation on-going
Thank you!

Find out more about TAP at:

www.trans-adriatic-pipeline.com