CEEC Conference

North – South Gas Corridor in CEE

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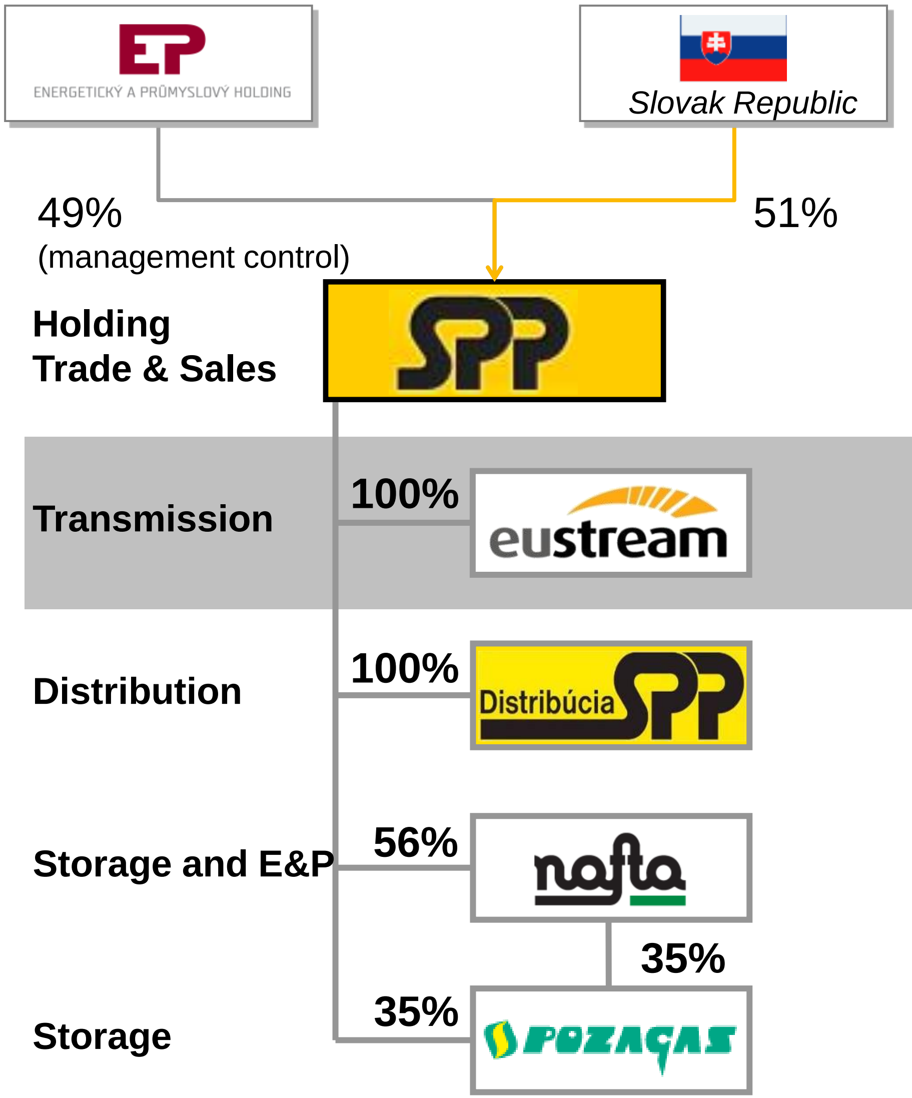
Eustream, a.s.

25/11/2013, Bratislava

1. CEE Region
2. Changing gas transit flows
3. Infrastructure issues, NS corridor
4. Investment climate

Profile of eustream



Eustream highlights EoY 2012

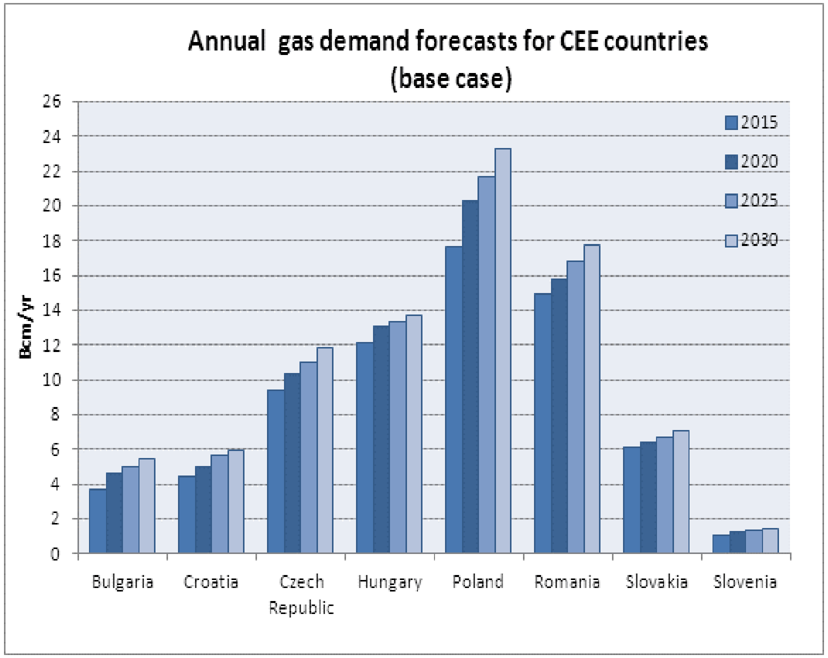
Employees:	**~950**
Turnover:	**> €800mm**
Transmission volume:	**56 bcm**

Key Data

- ✓ Annual capacity of over 90bcm
- ✓ Aggregated entry transmission capacity > 325 mcm/d*
- ✓ 2,270 km of pipelines
- ✓ Four compressor stations (aggregated power of c. 680 MW; Veľké Kapušany being the biggest compressor station in the EU)

* Sum of all entry points

The potential of CEE region



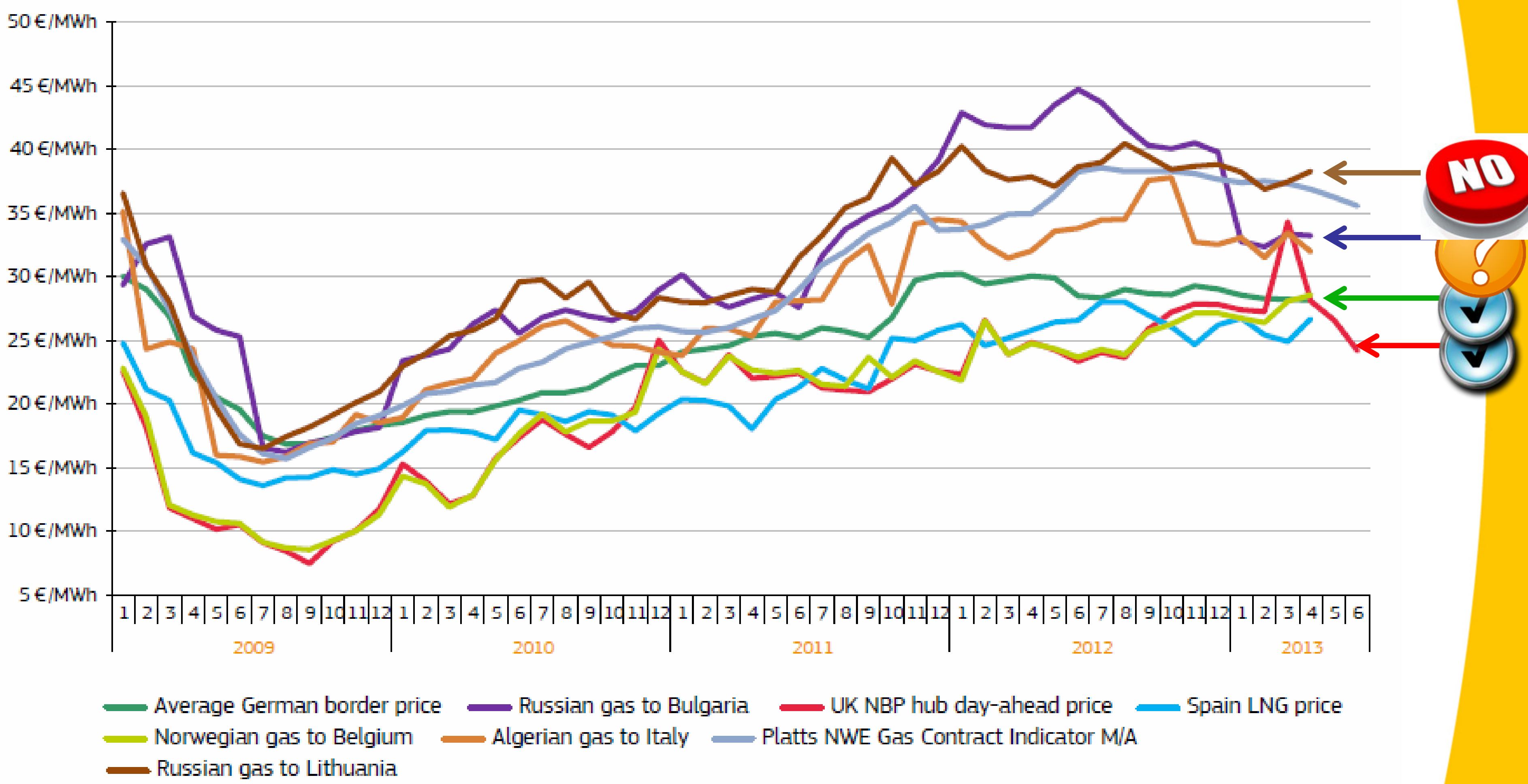
Source: Kantor study 2011

Market less developed and:

- Russian gas dependency
- CEGH the only liquid hub
- No access to LNG
- Only East - West interconnections
- Fragmented markets
- Russia – Ukraine relations is the issue for the CEE

Missing integration and diversification

Is diversification of sources needed?



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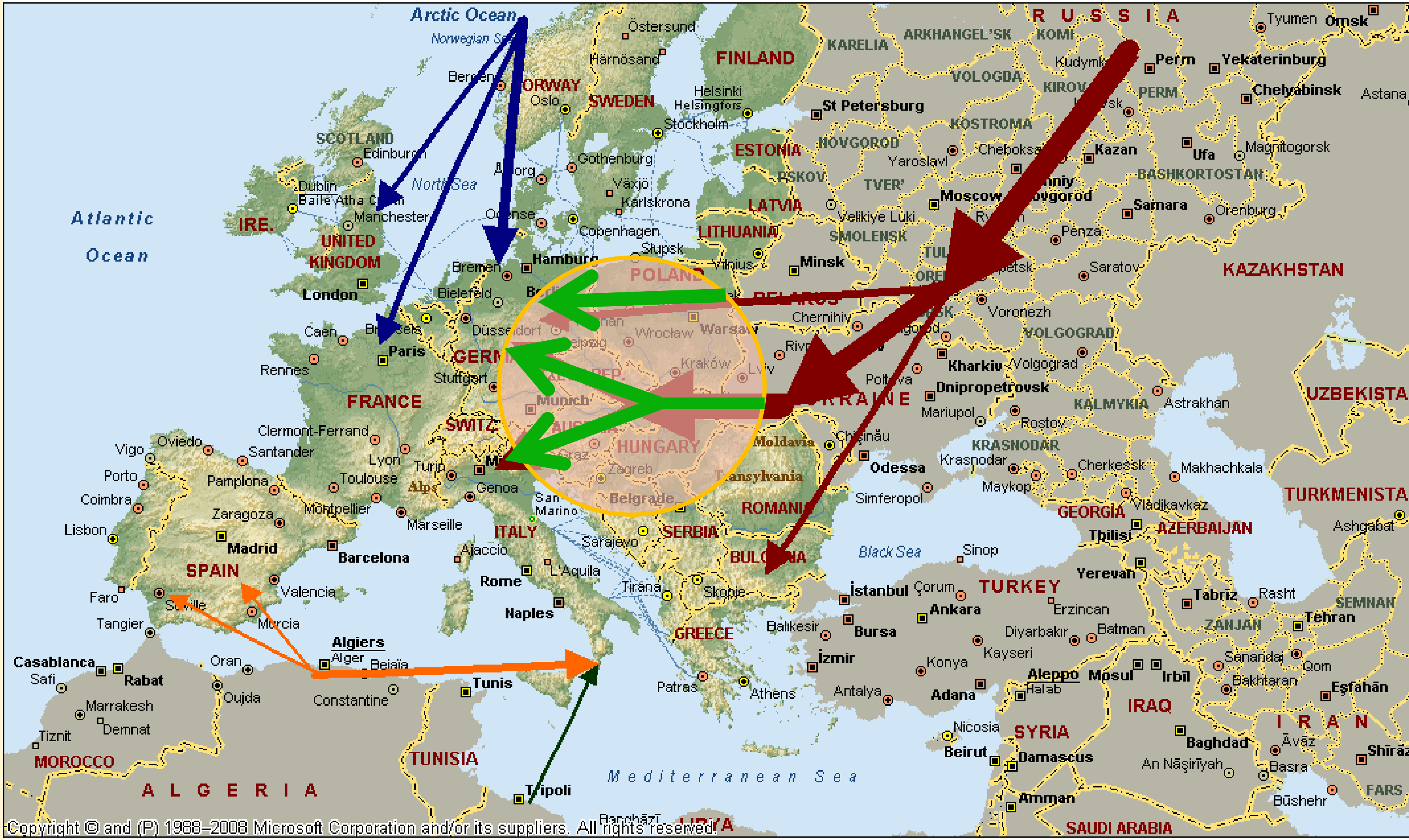
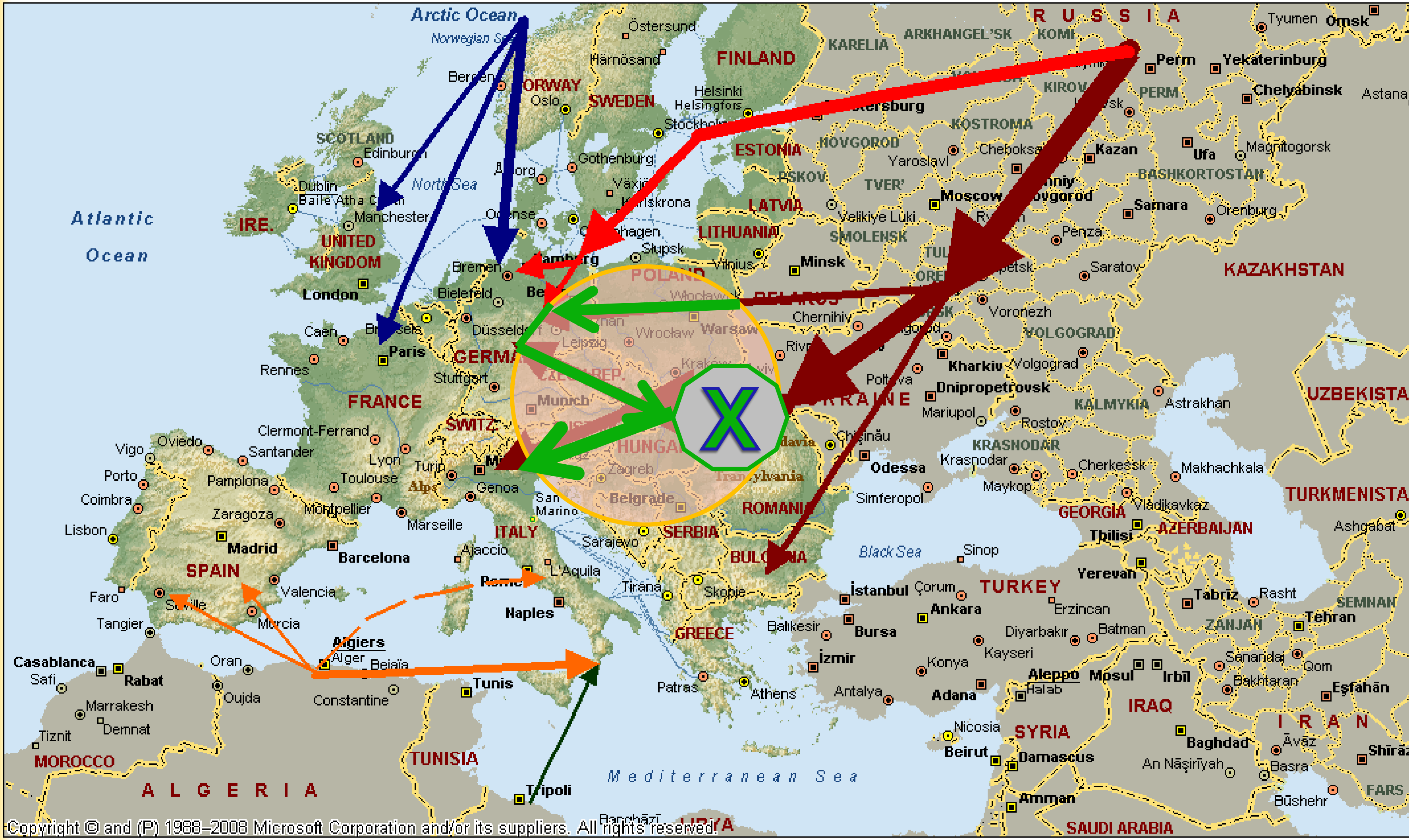
Import pipelines to EU – in the past



Import pipelines to EU – today

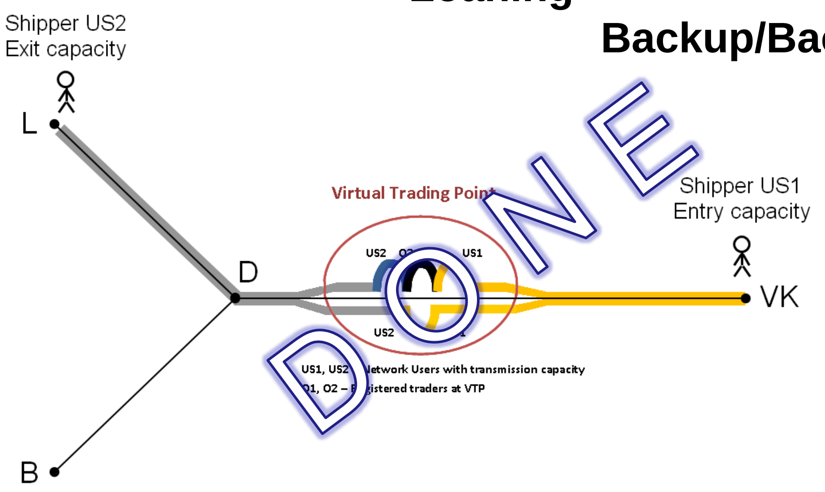


Virtual trading point

Parking

Loaning

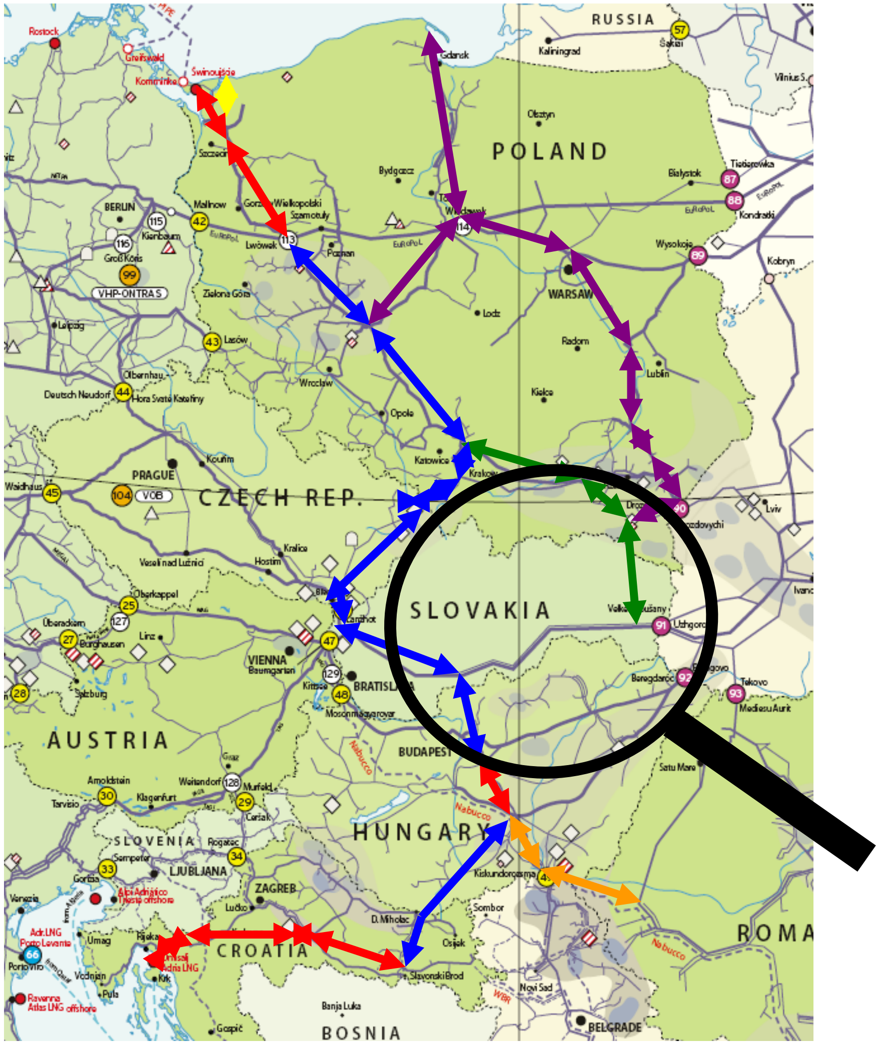
Backup/Backdown



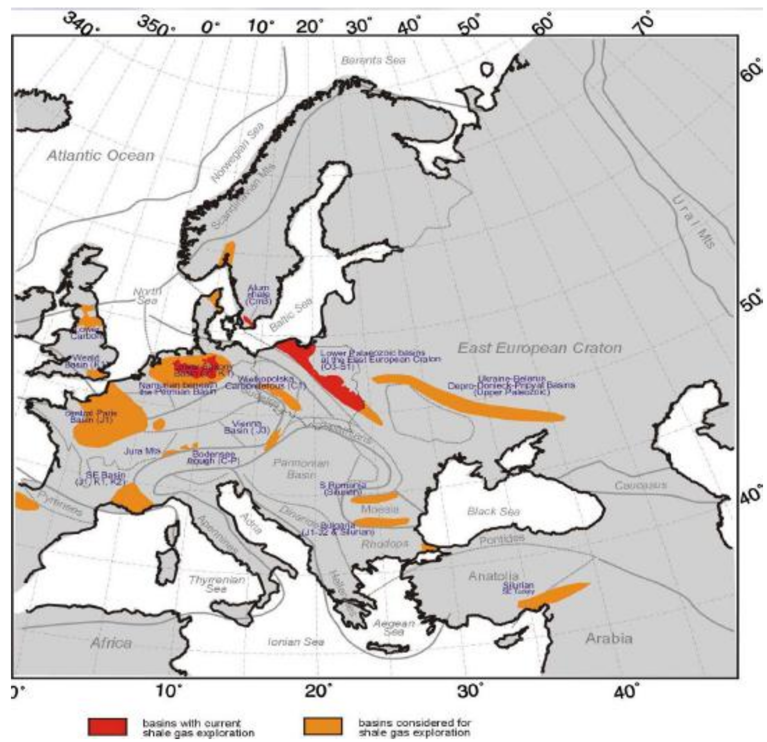
Products


Projects

North South Corridor in CEE



- Connecting Baltic sea with CEE
- Internal market creation
- Security of supply
- Diversification of routes
- Diversification of sources
- Price convergence
- Elimination of bottlenecks



Source: GIE conference

SK-HU Interconnector

Key highlights

- ✓ Pipeline length 113 km
- ✓ (19 km Slovakia, 94 km Hungary)
- ✓ Capacity 5.1 bcm/y
- ✓ Reverse flow
- ✓ Capex €145mm (€15mm in Slovakia; €130mm in Hungary)
- ✓ Co-financing from EEPR (€30mm)
- ✓ **Commissioning in 2015**

SK-PL Interconnector

Key highlights

- ✓ Pipeline length 164-305 (SK side)*
- ✓ Capacity 4-10 bcm/y*
- ✓ Reverse flow*
- ✓ Capex €230-400mm (SK side)*
- ✓ Commissioning after 2018

* according results of feasibility study

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Investment climate

Very high CO2 Emissions…

Fact	**vs**	**Vision**
Wind and Coal	vs	Wind and Gas

CO2 Emission from

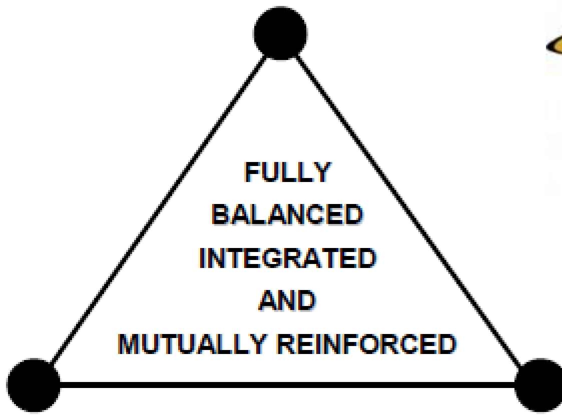
Combined Wind and Coal	>>	Wind and Gas
(460 kg/Mwh)		(190 kg/Mwh)

Source: Europaean Gas Forum 2013

Three pillars of EU energy policy

- **Triple challenge**

Competitiveness



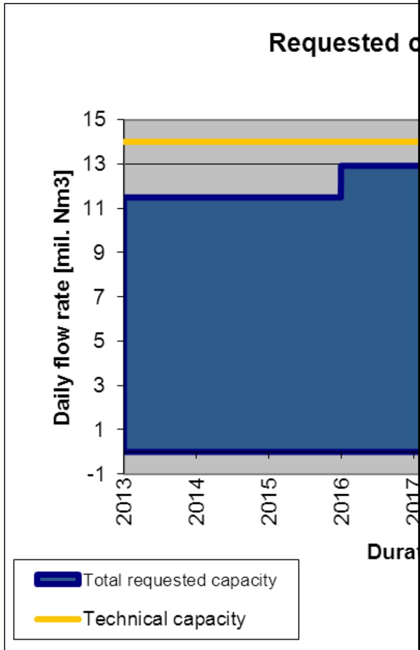
Sustainable Development

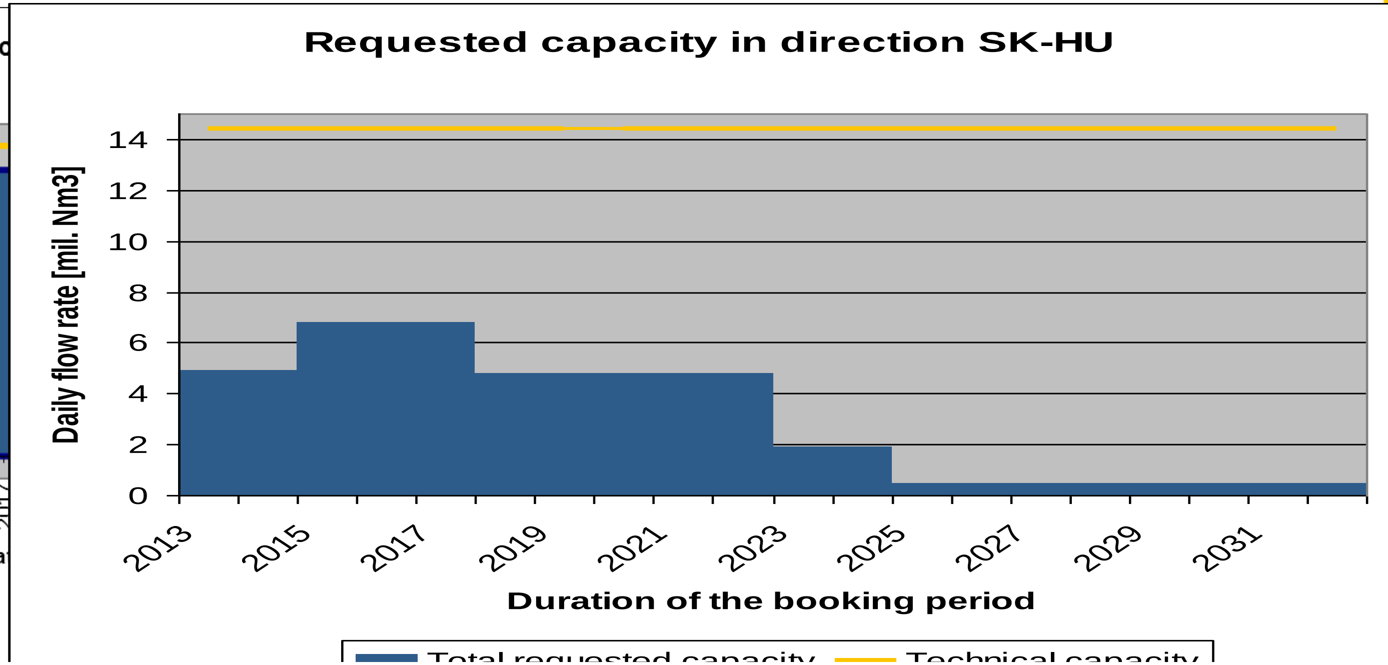
Security of supply

Directorate-General for Energy and Transport

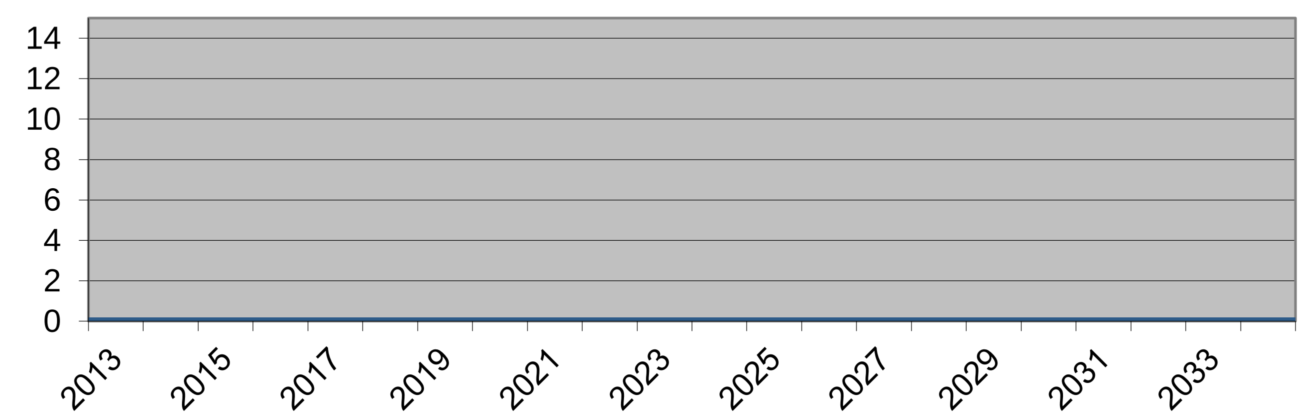
Source: EC

Investment climate – market risk





	Date
Binding phase	20/0
	till 11/0
	till 07/0
	till 19/0
	05/1
	till 06/1



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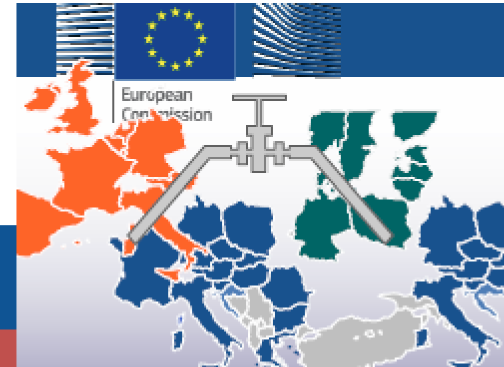
Infrastructure package



Process to identify projects of common European interest, with involvement of all stakeholders

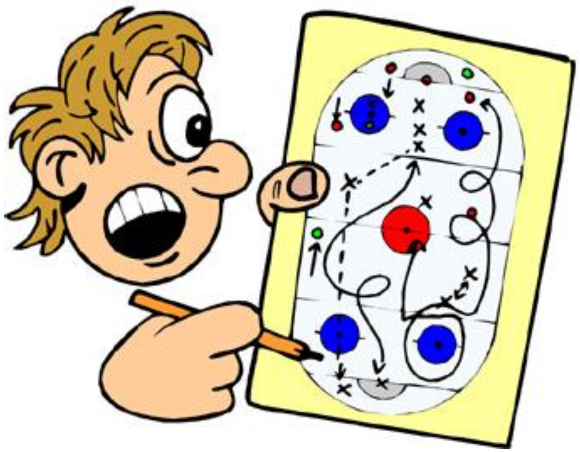
Benefits

Accelerated permit granting	Improved Regulatory treatment	Financial support
3.5 years; One stop shop; Public participation	Incentives; Cost allocation	Financial instruments; Grants

Source: EC

Tensions between the market based and centrally planned approaches

Remains critical: the need for new transmission infrastructure to support increasing import dependence and market integration.



For more information www.eustream.sk