MEDIA RELEASE

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Trans Adriatic Pipeline and the Ministry of Economy, Trade and Energy of the Republic of Albania sign MOUC in support of SEE security of supply

The TAP consortium and the Ministry of Economy, Trade and Energy of Albania (METE) agreed today to cooperate on the development of South Eastern Europe (SEE) natural gas markets and the strengthening of security of supply and diversification of gas resources in the region.

Tirana, Albania. Trans Adriatic Pipeline and the government of Albania signed today in Tirana a Memorandum of Understanding and Cooperation (MOUC) with a focus on exploring possibilities for connecting the Ionian Adriatic Pipeline (IAP), a major regional natural gas project, to the Trans Adriatic Pipeline system at a tie-in point near Fier in Albania.

Earlier this year TAP signed similar agreements with other IAP participants, including Croatian gas system operator Plinacro Ltd, Bosnian gas system operator BH-Gas and the government of Montenegro. TAP supports the objectives of these countries in further developing the SEE regional gas market and integrating it to the EU energy market.

By having signed agreements with all four participants of the Ionian Adriatic Pipeline, TAP consolidates the framework necessary for the further development of the TAP and IAP’s interconnection. Next steps will include alignment of the projects’ schedules and technical specifications of the pipelines.

The IAP connection to TAP will provide SEE, a region heavily dependent on a single gas supplier, with new and reliable natural gas supplies from the Caspian region. What is more, it will bring major energy security and economic benefits to the region.

Recently, the significance of the IAP project was recognized by the Western Balkan Investment Framework (WBIF), which decided to grant the Ionian Adriatic Pipeline project 3.5 million Euro for the execution of a feasibility study and environmental impact assessment (EIA).

The TAP consortium, comprised of European energy leaders Statoil, E.ON Ruhrgas and EGL, is aimed at constructing a natural gas pipeline via Greece, Albania and Italy to bring Caspian gas to Europe. The pipeline will be a key component in opening the European Union-designated Southern Gas Corridor. TAP is envisaged with reverse-flow capabilities that will also support reliability in the region in the event of energy supply disruptions.

Under the terms of the MOUC, a joint working group will be established immediately to further evaluate areas of potential cooperation, ranging from the alignment of overall schedules and sharing of best practice, to facilitating the mutual understanding of each project’s technical requirements. This will include capacity needs, new construction and upgrades of existing infrastructure, the coordination of maintenance, and environmental and social impact assessments.

Nasip Naço, Minister of Economy, Trade and Energy of Albania (METE), said in a statement: “This Memorandum of Understanding and Cooperation is a very important element in fulfilling the
vision of the Albanian Government to guarantee the supply of energy resources and to transform Albania into a strategic country for energy in the region.

METE and the TAP project have had a long cooperation on the Trans Adriatic Pipeline and Albania has fully supported all the technical and legal requirements in the framework of the development of the TAP project.

The Ministry of Economy, Trade and Energy has entered on 18 May 2010 into an Integrated Memorandum of Understanding and Cooperation with TAP AG, which has as its shareholders major energy companies, like Statoil, E-ON Ruhrgas and EGL.

METE and the TAP project recognize the strategic importance of the Republic of Albania to turn into a hub for energy security in the European Union and to diversify the sources and gas supply targets. Also, both parties recognize the importance of gas supply and interest generated from the fiscal income and the numerous economic benefits that the TAP project will bring to Albania. The TAP project investment is a very serious investment and it is estimated to be in the range of 1 billion euros, and it will bring multi-faceted benefits for all the countries it passes through. The potential arising from the possible connection of the Trans Adriatic Pipeline and the Ionian Adriatic Pipeline creates a positive synergy by making Albania a key hub for the gas networks in the South Eastern Europe. This will be the object of discussions of the Joint Working Group between the TAP project and the countries participating in the IAP project."

Barnim Piechorowski, Business Development and Permitting Director of the Trans Adriatic Pipeline project, said: “The signing of this MOUC is a significant step towards the realisation of IAP, it provides the SEE region with the opportunity to get access to Caspian gas. On the other hand, it is also a key achievement for TAP, as it increases TAP’s value for gas suppliers with an interest in marketing own gas in that region. The Republic of Albania is a key country for both pipeline projects and it will play a central role in the realisation of the Southern Gas Corridor, an essential component of the European Union's energy policy.”

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About the Trans Adriatic Pipeline (TAP)
The Trans Adriatic Pipeline (TAP) is a natural gas pipeline project. The pipeline will transport gas from the Caspian region via Greece and Albania and across the Adriatic Sea to southern Italy and further into western Europe. The project is aimed at enhancing security of supply as well as diversification of gas supplies for the European markets. TAP will open a new so-called Southern Gas Corridor to Europe and establish a new market outlet for natural gas from the Caspian Sea.

The project is designed to expand transportation capacity from 10 to 20 bcm per year. TAP also envisages physical reverse flow of up to 80 per cent and the option to develop natural gas storage facilities in Albania to further ensure security of supply during any operational interruption of gas deliveries.

TAP's shareholders are EGL of Switzerland (42.5%), Norway's Statoil (42.5%) and E.ON Ruhrgas of Germany (15%).
About Ionian Adriatic Pipeline (IAP)

The IAP project intends to connect the existing and the planned gas transmission systems of the Republic of Croatia, via Montenegro, and Albania with the TAP system (Trans Adriatic Pipeline).

The pipeline will cross the territory along the Adriatic coast from Fieri in Albania to Split in Croatia. The total gas pipeline length from Split (Croatia) to Fier (Albania) is planned at about 516 km. Its 5 bcm/y capacity will provide the natural gas supply for Albania, Montenegro, Bosnia and Herzegovina, and Croatia.

The Ionian Adriatic Pipeline project supports opening of the new energy corridor for the South East European region and connecting it to the new natural gas supplies from the Middle East and the Caspian region. The Ionian-Adriatic Pipeline will be bi-directional, i.e. it will provide SEE region with natural gas also from other sources such as the future LNG Terminal on the island of Krk.