ESIA Italy
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2 PROJECT JUSTIFICATION

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## PROJECT JUSTIFICATION

### 2.1 Project Background and Objectives

As described in Section 1, the “Southern Gas Corridor” was identified as playing a major role in Europe’s energy security in ensuring the diversification of gas supplies to Western and South Eastern European markets. As a first step in opening up the Southern Gas Corridor, on 28th June 2013 the TAP Project was selected by the Shah Deniz Consortium to transport gas from the Shah Deniz II field in Azerbaijan via the most direct route to Southern Europe.

The TAP Project is promoted by financially stable shareholders. The TAP Project will require no subsidized financing. The TAP Project can deliver substantial benefits in terms of significant investment to the countries through which it passes. The European Union recognised the Project under the so-called TEN-E (Trans-European Energy Networks) guidelines as a Project of Common Interest for the European Union’s overall energy policy objectives.

An Intergovernmental Agreement (IGA) between Albania, Italy and Greece on the construction and operation of the TAP Project was signed in Athens on February 13th 2013.

At the Italian National Level, the TAP Project is included and supported by the National Energetic Strategy (Interministerial Decree, 8th March 2013). Specifically the Decree contains the following statement: "...regarding gas pipelines to promote the opening of the Southern Gas corridor from Caspian area and other countries towards Italy, in particular TAP Project".

The strategy for gas usage, as TAP AG is purely a gas transportation company, will be decided by contracts between the shippers and future purchasers of the gas. As such, the likely destination of the gas in Italy may therefore include individual domestic and industrial end users. Furthermore, a significant portion may transit Italy for usage in other Western European countries. Nevertheless, depending on the commercial strategies of the future shippers of the gas, the benefits for Italy will potentially include:

- Increased diversification of sources;
- New shippers increase competition with potential benefits to users;
- Increased security of supply.

### 2.1.1 Description of the Pipeline Route and Associated Infrastructure

The pipeline is schematically represented in Figure 2-1. The onshore pipeline is designed with a diameter of 48" (from Kipi on the Greece/Turkey border to the Adriatic Sea coastline near Fier in Albania), and reduces to a diameter of 36" for the offshore section, which crosses the Adriatic Sea, making landfall near San Foca (province of Lecce) before running onshore for a short distance (some 8km) and ending at the Pipeline Receiving Terminal (PRT). The PRT is the tie-in with the Snam Rete Gas (SRG) pipeline network.
The offshore pipeline route across the Adriatic Sea is the shortest distance between Albania and Italy, with favourable subsea conditions relative to depth and steepness of the seabed, thus providing a highly cost efficient solution.

According to the development of the gas markets in the South East European region, the TAP Project is designed to enable the implementation of additional off-take points along the route if sufficient demand is available and the implementation is economically reasonable and technically viable.

Construction of the pipeline will be performed by one or more contractors in each of the three host countries in compliance with national and international HSE standards and national procurement requirements. Local contractors will also be invited to participate in the construction phase. Figure 2-1 provides a schematic representation of the Project.

**Figure 2-1** Features of the TAP Pipeline

Source: TAP AG (2013) – Legend: Bcm/a = Billion cubic metres/year; CS = Compressor Station. CS1 and CS2 only needed in the 20bcm case.
2.2 Project Alternatives

Consistent with international best practice, the selection of the location of the offshore pipeline landfall, onshore pipeline route and Pipeline Receiving Terminal (PRT) location in Italy underwent an extensive and thorough route alternatives assessment process performed by TAP AG with the aim of designing a technically feasible pipeline route with the least environmental, socioeconomic and cultural heritage impacts.

This analysis of alternatives started in the early phases of project development and was carried through to the definition of the preferred “Base Case” solution (Alternative 0) presented in the original ESIA submission in March 2012. Reflecting concerns raised by Italian Authorities on elements of the proposed route contained in the original ESIA submission TAP AG undertook a reconsideration of the whole route selection process in order to reorganise and analyse the available information within a systematic evaluation process. This Analysis of Alternatives culminated in an optimisation of the preferred Base Case route. This process is described in detail in Annex 2.

The following sections summarise the route alternatives assessment performed by TAP AG in order to select and optimise the Base Case route, and also consider the “No Project” Alternative.

2.2.1 No Project Alternative

A “No Project” Alternative for the TAP Project would mean that no gas would be supplied from Azerbaijan through Greece, Albania and then Italy to the European Union gas network; therefore, none of all the consequential benefits caused by the construction and operation of this infrastructure would occur. The benefits deriving from the realization of the TAP Project span from the European to the Italian level.

2.2.1.1 European benefits

Achievement of EU energy policy goals

Europe currently relies on Russia, Africa and the North Sea for gas supplies through several existing pipelines, Russia being its key provider. At the EU level, supplies are diversified along three corridors: the Northern Corridor from Norway, the Eastern Corridor from Russia, the Mediterranean Corridor from Africa and through the import of liquefied natural gas (LNG); however, single source dependency still prevails in some regions. The document “Communication on energy infrastructure priorities for 2020 and beyond”\(^1\) sets the framework for the EU energy priorities towards 2020. Diversification, competition and security of supply represent the core of these priorities. In relation to diversification of supplies, European Union countries should implement infrastructure allowing physical access to at least two different sources.

At the same time, the balancing role of gas for variable electricity generation and the infrastructure standards introduced in the Security of Gas Supply Regulation¹ impose additional flexibility requirements and increase the need for bi-directional pipelines, enhanced storage capacities and flexible supply, such as LNG/CNG (Liquefied Natural Gas/Compressed Natural Gas).

In order to achieve these objectives, the following priority corridors have been identified at the European Union level (Figure 2-3):

- The Southern Corridor, to further diversify sources at the EU level and to bring gas from the Caspian Basin to the EU;
- Linking the Baltic, Black, Adriatic and Aegean Seas, in particular through the implementation of BEMIP and the North-South Corridor in Central Eastern and South-East Europe;
- The North-South Corridor in Western Europe to remove internal bottlenecks and increase short-term deliverability, thus making full use of possible alternative external supplies, including from Africa, and optimising the existing infrastructure, notably existing LNG plants and storage facilities.

In relation to the gas sector, the “Southern Gas Corridor” was identified as playing a major role in Europe’s energy security in ensuring the diversification of gas supplies to European markets. The Shah Deniz II field has represented the main supply source to which the European Union has looked upon in order to open the new corridor, as the first gas to become available to Europe by 2020 from a new supplier to the EU (Azerbaijan).

On 28th June 2013, the selection of the TAP Project by the Shah Deniz Consortium in order to transport gas from the Shah Deniz II field in Azerbaijan to Europe has represented the achievement of European Union energy policy goal to open the Southern Gas Corridor and it has defined an import route for Azeri gas into Europe, confirming at the same time the strategic role of Azerbaijan in the future of European energy supplies. The selection of TAP has consequently been endorsed by the European Union itself\(^1\).

Implementation of EU priority project

The European Union endorsement for the development of the Southern Gas Corridor has been further strengthened in 2013 by the adoption of a Union-wide list of so-called projects of common interest (PCI) as required by the Energy Infrastructure Package regulation. The regulation aims at identifying the main infrastructure projects that will contribute to the achievement of energy policy goals in the European Union. In relation to the gas sector, these objectives relate to the improvement of security of supply, competition, market integration, and sustainability.

TAP has been included among the highest ranked projects that serve to meet the objectives of European energy policy of security of supply, competition, market integration and sustainability. As a result, TAP has been selected as a PCI by member states and included in the list of PCIs for the Southern Gas Corridor as part of a complex value chain including other projects upstream of TAP, also indicated as PCIs and needed for the realization of the Southern Gas Corridor.

The list represents a political endorsement of these projects at the highest level by national governments (including endorsement of projects located outside of the EU territory but necessary for the completion of the Southern Gas Corridor). In the context of the selection of PCIs, TAP has been strongly supported by the Italian and Greek governments. The ability of TAP to bring further integration between European markets and Balkan and South-Eastern European markets has also been discussed and recognized in the course of the evaluation of PCI projects, along with its benefits in terms of further competition and diversification of supply for the countries in these areas as well as for the rest of Europe.

2.2.1.2 No project alternative – consequences for Europe

In the light of the developments described above, the “No Project” alternative would imply:

- EU energy policy goal of realizing the Southern Gas Corridor is not met
- EU energy policy goals of increasing security of supply, competition, market integration and sustainability are not met
- The political support provided by the Italian government and formal and informal commitments of supporting TAP as a PCI are not met in reality by the implementation of the project
- The possibility of increasing market integration between European and Balkan and South-Eastern European markets is lost
- Damage to EU-Azeri relations as the realization of the Southern Gas Corridor (of which Azerbaijan is considered playing a primary role) and several other pipelines upstream of TAP is compromised


2 The list currently awaits approval by the European Parliament and Council.
2.2.1.3 Italian Benefits

The implementation of the TAP Project presents several direct and indirect benefits for Italy that will impact its gas market, economy and the overall GDP of the country.

Increase in competition

The development of TAP will directly contribute to the increase in competition in the Italian gas market. The entry of new shippers in the Italian gas market will allow reducing the position of incumbent players and potentially reducing gas prices in Italy.

Increase in diversification of supplies

The completion of the TAP project will also allow an increase in diversification of supply sources for Italy. Italy currently relies on gas supplies from pipeline imports via four main connections with Austria (via the TAG pipeline), Switzerland and northern Europe (via Transitgas pipeline), with Libya (via Greenstream pipeline) and with Algeria (via Transmed and TTPC). In addition, LNG imports provide additional sources of gas. TAP will provide an additional line for pipeline import.

Increase in security of supply

The creation of an additional import line will also directly contribute to security of supply in Italy and provide a new source of gas that can be called upon in case existing supply sources become unavailable (as it occurred for instance during the Russia-Ukraine gas crisis in 2006 and 2009 or at the occasion of recent political disorders in North Africa). The additional gas imports brought by TAP to Italy could also be used to satisfy peaks of demand in Europe such as those occurred in many countries at the beginning of 2012 due to severe weather conditions. Provided all the necessary interconnections be in place, TAP’s physical reverse flow capabilities can potentially be deployed in these circumstances to deliver gas in areas in South-Eastern Europe, which have been among the ones hit hardest by the supply crisis in the last few years due to their dependency on one supply source.

Increase in liquidity of the Italian market

The realization of TAP will also facilitate the increase in liquidity on the Italian gas market and further contribute to the development of a liquid hub in Italy. The development of liquid hubs and further integration between markets represents one of the fundamentals of European and Italian energy policies. The realization of TAP will also directly impact the Italian electricity market, which depends to a large extent on natural gas for energy production.

1 The Italian Energy Regulatory Authority (Autorita’ per l’Energia Elettrica e il Gas) as well as the Greek and Albanian regulatory authorities have recognized these additional benefits in granting the exemption from European third party access and unbundling rules to TAP. See document available at: http://www.autorita.energia.it/allegati/docs/13/249-13all.pdf
Increase in market integration

The implementation of TAP will provide a first direct link between Italy and Greece, and further link the Italian market with Balkan and South Eastern Europe markets once further interconnections have been realized. In the future, these interconnections will provide further market integration between Italy and these areas, and therefore additional benefits in terms of security of supply and competition. The implementation of TAP will also trigger the need to implement further network investments in Italy in order to further transport the gas from the TAP delivery point in Italy to consumers, therefore fostering infrastructure and economic development in Italy.

Finally, it needs to be considered that an Intergovernmental Agreement (IGA) between Albania, Italy and Greece on the construction and operation of the TAP Project was signed in Athens on February 13th 2013. At the Italian National Level the TAP Project is included in and supported by the National Energy Strategy (Interministerial Decree, 8th March 2013).

2.2.1.4 No project alternative – consequences for Italy

In the light of the considerations above, the “No Project” alternative would imply:

- Lost opportunity for Italy to increase competition, diversification of supply, security of supply, liquidity in the Italian market and market integration, and the economic benefits deriving from these.

- The inability of Italy to meet its international commitments taken both at the European level (in the framework of the PCI process, as well as wider European energy policy), and at the level of bilateral relations with Greece and Albania (in the framework of the IGA).

\(^1\) IGA is pending ratification in Italy
2.2.1.5 Conclusions

The “No Project” alternative would prevent the realization of several benefits of the TAP Project for Italy and Europe as a whole. The consequences of the “No Project” alternative would span from the political to the economic level and damage Italy in terms of its geopolitical and economic interests recognized in several occasions at both the European and national level.

At the European level, the “No Project” alternative would mean missing crucial goals of European energy policy as well as indirectly preventing that Europe as a whole receives the benefits of increased diversification, competition, security of supply and market integration.

At the national level, the “No Project” alternative would mean that no benefits deriving from increased competition, diversification, and security of supply, liquidity and integration would materialize in Italy. It would further mean no economic opportunities for Italy through direct, indirect and induced employment generated from the construction and operation of the project. In the context of Italian international relations, the “No Project” alternative would also mean that Italy would fail in meeting its international commitments towards European and non-European partners.

2.2.2 Alternative Assessment Process to March 2012

In the period leading up to the original ESIA submission in March 2012 a total of five alternative route options (*Figure 2-4*) were investigated during the Basic Engineering phase of the Project:

- Alternative 0 Landfall north of San Foca;
- Alternative 1 Landfall north of the village of Lindinuso;
- Alternative 2 Landfall at the Cerano Power Plant;
- Alternative 3 Landfall at the Petrochemical Plant in Brindisi;
- Alternative 4 Landfall north of Casale Airport (Brindisi).
Detailed assessments of these alternatives were conducted from technical, environmental and socio-economic perspectives. This process and the key findings are summarised in Appendix 1 to Annex 2 but in summary in March 2012 the conclusions reached with respect to the feasibility of each of the landfall alternatives were as follows:

- Alternative 1 was found impracticable due to crossing a Natura 2000 protected area (Posidonia oceanica);
- Alternative 2 was found impracticable due both to the crossing of a Natura 2000 protected area (Posidonia oceanica) and to the presence of zones with high geomorphological risk.
Alternative 3 was found impracticable from constructability and safety point of view since it would pass through an area with extensive industry infrastructure and buildings associated with the existing industrial complex of Brindisi (the Polimeri Europa and Basell chemical plants). This alternative may also interfere with a protected area (Posidonia oceanica formations/Natura 2000 area) that is very close to the route and passes through areas of heavy soil contamination. These negative outcomes arise from a detailed evaluation undertaken by Saipem on at least seven different route refinement options for Alternative 3 (ref. to Appendix 1of Annex 2).

Alternative 4 interferes with future land-use plans of the Municipality of Brindisi and is therefore not considered a viable alternative. There are also numerous clusters of houses in close proximity to the route, which would be incompatible with the realization of the TAP Project.

In comparison with the other alternatives, Alternative 0 was concluded to represent the optimal solution in terms of technical viability, safety and environmental, socioeconomic, land-use and cultural heritage impacts for the following reasons:

- it did not interfere with offshore and onshore protected areas; and
- the onshore route lies within agriculture areas and not urbanized areas.

For the above reasons Alternative 0 was considered the best option at this point and was chosen as the Project “Base Case” route and as such was submitted to the Italian Authorities within the original ESIA in March 2012.

However, reflecting consultations that took place after the March 2012 ESIA submission, two main issues arose with respect to Alternative 0:

- The landfall of Alternative 0 was located within a zone identified as being of very high geomorphological risk due to the potential instability of the sea cliffs. The Basin Authority, who raised this issue, recognised that the proposed microtunnel (which would pass some 20m below the cliff) would be an appropriate technical solution to avoid any negative effect on the stability of the cliff. However the same authority declared that the project was not complying with the hydrogeological planning regulations.

- the proposed PRT location was found to fall within the landscape protection area (Coastal and Territorial area of Melendugno, acknowledged by the Decree 42/2004, Art.136, Paragraph 1, letter c and Law 1497/39). Given this location, the Ministry of Cultural Heritage highly recommended TAP to locate the PRT outside this constrained area, even if a good landscape mitigation design could reduce the PRT landscape impact.

Consequently TAP AG undertook a reconsideration of the whole route selection process in order to reorganise and analyse the available information. This process is summarised below together with the outcome in terms of the resulting optimised Base Case route.
2.2.3 Alternative Assessment post-March 2012

Subsequent to the ESIA consultations post-March 2012 TAP AG undertook additional studies to:

- identify the optimal pipeline route;
- minimize residual environmental, social and cultural heritage impacts;
- engage with national, regional and local authorities.

These are fully described in Annex 2. These studies were carried out both for the pipeline route, including landfall of pipeline offshore section, and PRT site, providing new technical elements within the ESIA procedure.

The procedure of identification of optimal route and PRT site was based firstly on an identification of Macro – Corridors. Within the preferred Macro–Corridor, specific micro-corridors and route alternatives were compared by analysing a series of key–indicators (cultural, social and environmental constraints). A combination of such indicators allowed the final route alternative selection and PRT siting (Base Case Alternative).

Once the most suitable pipeline Macro - Corridor (and therefore pipeline landfall macro-siting) was identified the Alternative Selection Process consisted of progressive steps that led to the identification of a more restricted area in order to optimize the Project footprint (i.e. pipeline starting and ending points siting as well as the pipeline routing itself) by limiting the intersection of environmental, social and cultural constraints and reducing impacts.

Steps that led to the Alternative Selection Process are shown and described in Figure 2-5.
2.2.3.1 Macro - Corridor Selection

Macro - Corridor Selection is fully described in Section 2 of Annex 2. As previously described it starts from the land use analysis followed by an evaluation of a series of environmental, cultural and social constraints (key-indicators).

As mentioned previously, it should be highlighted that in the first phase of the Alternative Assessment process (before March 2012), TAP AG focused in particular on landfall alternatives in the industrial area of Brindisi (ref. to previous Alternative 3), for which a specific study was conducted. This study ruled out the feasibility of a landfall in that area (a summary of the reasons for this exclusion is reported in Annex 2).
The above described Macro-Corridor investigation leads to progressively discarding Macro-Corridors A, B and C. The summary of single elements considered in this progressive elimination is illustrated in Table 2-1.

Source: ERM (January 2012)
Table 2-1 Summary of the analysis results

<table>
<thead>
<tr>
<th>Key Indicator</th>
<th>Component</th>
<th>Corridor A</th>
<th>Corridor B</th>
<th>Corridor C</th>
<th>Corridor D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Safety and Social</td>
<td>Unsuitable (presence of continuous urban fabric)</td>
<td>Suitable</td>
<td>Suitable</td>
<td>Suitable</td>
</tr>
<tr>
<td>Protected Areas</td>
<td>Environmental</td>
<td>Unsuitable</td>
<td>Suitable (with limitations)</td>
<td>Unsuitable</td>
<td>Suitable</td>
</tr>
<tr>
<td>Posidonia oceanica</td>
<td>Environmental</td>
<td>Unsuitable</td>
<td>Suitable (with limitations)</td>
<td>Unsuitable</td>
<td>Suitable</td>
</tr>
<tr>
<td>Hydrological Hazard</td>
<td>Environmental</td>
<td>Unsuitable (PG3 risk)</td>
<td>Suitable (PG3 risk)</td>
<td>Suitable (with limitations)</td>
<td>Suitable</td>
</tr>
<tr>
<td>PUTT/p constraints</td>
<td>Environmental and Cultural heritage</td>
<td>Suitable (with limitations)</td>
<td>Suitable (with limitations)</td>
<td>Suitable (with limitations)</td>
<td>Suitable</td>
</tr>
<tr>
<td>Cumulative analysis</td>
<td>All</td>
<td>Unsuitable</td>
<td>Unsuitable</td>
<td>Unsuitable</td>
<td>Suitable</td>
</tr>
</tbody>
</table>

The result of the analysis (as fully described in Annex 2) is that Macro - Corridor D is the preferred one. The Macro - Corridor D includes a suitable area for the pipeline construction where:

- no constraints deriving from the presence of natural Protected Areas, Hydrological Hazard (PG3 classification) nor Posidonia oceanica,

- PUTT/p constraints in this area are compatible with the construction and operation aspects planned for the TAP Project.

This is confirmed also by the weighted maps related to the constraints presence (reported in Section 2 of Annex 2), which demonstrate that corridors D appears as the least constrained.

2.2.3.2 Landfall and Offshore Route Selection: Base Case Landfall

Landfall and Offshore Route Selection is fully described in Section 4.1 of Annex 2. It consists of the detailed landfall location identification, within the Macro -Corridor identified in Step 1 (Macro - Corridor Selection), considering a series of environmental, social cultural and technical constraints that could interfere with the pipeline feasibility.

Due to the absence of hydrogeological P.G.3 constraint, part of Corridor D is appropriate for the landfall location.

Moreover, within this micro–area, two Micro – Corridors are identified in order to respect safety distance from buildings and facilities.
The landfall selection continues by the analysis of remaining selected constraints, allowing to progressively restricting the micro - corridors with the identification of four potential Landfall Alternatives.

**Figure 2-7 Possible Nearshore Route Paths**

*Source: ENT 2013*
The preferred landfall and microtunnel route is the Landfall Alternative F. In fact, Landfall Alternative F avoids the P.G.3 interaction of Alternative 0 (described in ESIA submitted in March 2012 - Paragraph 2.2.2) and is characterized by:

- A tunnel length which:
  - avoids any interaction with the Mediterranean Maquis and Woodland onshore and Posidonia Oceanica offshore;
  - avoids any interaction with tourist facility;
- respect of safety distance from existing buildings or groups of buildings;
- a distance of 1.3km from San Foca Harbour.

2.2.3.3 Base Case PRT Selection

PRT site identification and selection is fully described in Section 5.1 of Annex 2.

As described in Paragraph 2.2.2, the PRT should be located outside the Landscape Constraint (Coastal and Territorial area of Melendugno and Vernole) and where no local constraints (such as monumental olive trees, archaeological findings, and other local environmental and social constraints) are present.

Due to the need to avoid interference with the aforementioned constraints, the Alternative Assessment Process identified two new options for the PRT location. These are shown on Figure 2-8).
2.2.3.4 Onshore Route Selection

As described above, a new Base Case Landfall point and two new potential PRT locations have been defined by means of the Alternative Selection Process. The new onshore pipeline route (onshore Base Case Route) has been designed according to environmental, social and cultural selection criteria reported in Annex 2.

The onshore Base Case Route development started from the Base Case Landfall and needed to ensure minimization of impact on the wetland area (including the related respect zone) and special agricultural areas.

Consequently, the eastern onshore section of the Base Case Route was located south of the wetland and as far as possible parallel to existing roads (see Figure 2-9).
As two potential Base Case PRTs have been identified, there are two options for the Base Case Route continues further west:

- North route for the PRT-Option A (Figure 2-10);
- South route for the PRT Option B (Figure 2-11);

Neither of the investigated routes to the new proposed PRTs show technical constraints.
The North Route may interfere with archaeological constraints. In fact, the pipeline route would pass very close to an area characterized by a high numbers of Pagghiare and to the area associated with the project of the Archaeological Park of Acquarica (as defined by the PUG of Vernole) which includes 2 archaeological sites. Therefore the North Route was concluded to be unsuitable and was discarded. Other constraints (including in the PUG of Vernole under approval process and in the PTCP), which affected the North Route to the PRT-Option A and provided no flexibility for route modification, are the following:

- expansion area and new urban development planned for the Northern area of the Municipality of Vernole;
- cemetery and the related safety zone;
- sport facilities area;
- new road project. Possible interference with the construction activities;
- geomorphological scarp. According to NTA, vegetation cut and morphological changes are forbidden, thus making it incompatible with the foreseen construction activities for the pipeline.

The proposed South Route falls completely in the Melendugno Municipality and showed less significant constraints than the Northern one and is therefore considered more suitable for the pipeline routing (see Figure 2-11). In fact it mainly crosses agricultural land and avoids natural and cultural heritage protected areas, while respecting the required distance from urban areas.
Figure 2-10 Onshore Northern Route and Constraints

Source: ERM (2013)
Therefore the South route section is concluded to be the most suitable and consequently comprises, with the PRT Melendugno and the eastern section, the Base Case Route Alternative.
2.2.4 Conclusion

As outcome of the Alternative Selection Process, the new Base Case Alternative ensure the optimization of the Project, by limiting the intersection of environmental, social and cultural constraints and reducing impacts.

The Base Case Alternative consists of:

- A Base Case Landfall and offshore pipeline route located North of San Foca, in the Municipality of Melendugno, Province of Lecce. The landfall will be implemented by micro-tunnelling technique and is characterized by:
  - a tunnel with a sufficient length to avoid any direct interaction with the Mediterranean Maquis/Woodland, onshore tourist facility and Posidonia Oceanica offshore;
  - respect of safety distance from existing buildings or groups of buildings;
  - a distance of 1.3km from San Foca Harbour. An onshore Base Case Route which will minimize the impact on the environment by avoiding natural habitats, staying aside of existing roads and tracks for more than half of its total length. The remaining section of the onshore route does not interfere with any of the analysed constraint.

- A Base Case PRT, which is located within the Municipality of Melendugno, completely outside the Coastal and Territorial area of Melendugno. The design and layout of the facilities ensure minimum impact on the surroundings. Environmental, social and cultural constraints are avoided and the proposed location does not interfere with the envisaged development of the Archaeological Park of Acquarica.

The Base Case Alternative is generated by a comprehensive analysis of social, cultural and environmental key - indicators by means of an overall procedure based on:

- the minimization of environmental, social, and cultural impacts.
- the engagement of national, regional, and local authorities.
2.3 Existing Agreements with Snam Rete Gas

While developing the Project, TAP AG attended a number of meetings with Snam Rete Gas, to discuss and coordinate technical and commercial aspects of TAP connection to the national gas pipelines network operated by Snam Rete Gas.

Further to the identification of the area where the gas receiving terminal will be located as a result of the process of analysing the alternatives described in this ESIA, TAP AG will submit to Snam Rete Gas the connection application, in which, according to the provisions of Chapter 6 of the Snam Network Code, the applicant must also provide, among other elements, the information regarding the location and type of the plant to be supplied (ISTAT code/Municipality). Such a request prepares for the entering into of the interconnection agreement between the two Companies, [referred to in the scoping opinion from the Ministry of Environment and Territory and Sea Protection].

Please note that, according to the applicable laws and regulations (article 8 of Legislative Decree no. 164 of 23 May 2000, so called “Letta” Decree, which implemented in Italy Directive no. 98/30/EC - Gas Directive(1)), Snam Rete Gas is bound to consider the request to connect a new delivery point. In the theoretical case where the connection had to be refused, the user may inform the Authority for Electricity and Gas, which, having heard the entity which rejected the connection request, if a breach of the relevant network code is at stake, may impose on the same entity to proceed with the connection. The Authority for Electricity and Gas further supervises over the transportation and dispatching activities, in order to ensure that they are carried out in such a way as not to obstruct equal conditions of access to the system, as well as on the application of the network code.

In respect to the TAP pipeline, it does further apply the procedure (so called open season) provided for by the laws and regulations on access to the transportation capacity over the Snam Rete Gas national gas pipelines network regarding third party access exempted infrastructures. Such regulation is provided for, based on the provisions of article 1, paragraph 17, of Law no. 239 of 23 August 2004, as amended and supplemented, under the Decree of the Ministry for Production Activities (now Ministry of Economic Development), of 28 April 2006, as subsequently amended and supplemented, the Resolution of the Authority for Electricity and Gas no. 2/2010, and Chapter 7 of the Snam Rete Gas Network Code.

(1) Article 8 of the Letta Decree reads: “...gas transportation and dispatching activities are activities of public interest and the enterprises carrying out those activities (as Snam Rete Gas) are bound to connect to their network the users requesting such con