

The logo for the Trans Adriatic Pipeline (TAP) features the letters 'TAP' in a bold, black, sans-serif font. A horizontal blue bar is positioned above the 'T'.

Trans Adriatic Pipeline

# World Gas Infrastructure, Caspian 2010

Baku, 15 September 2010

**Kjetil Tungland, Managing Director**



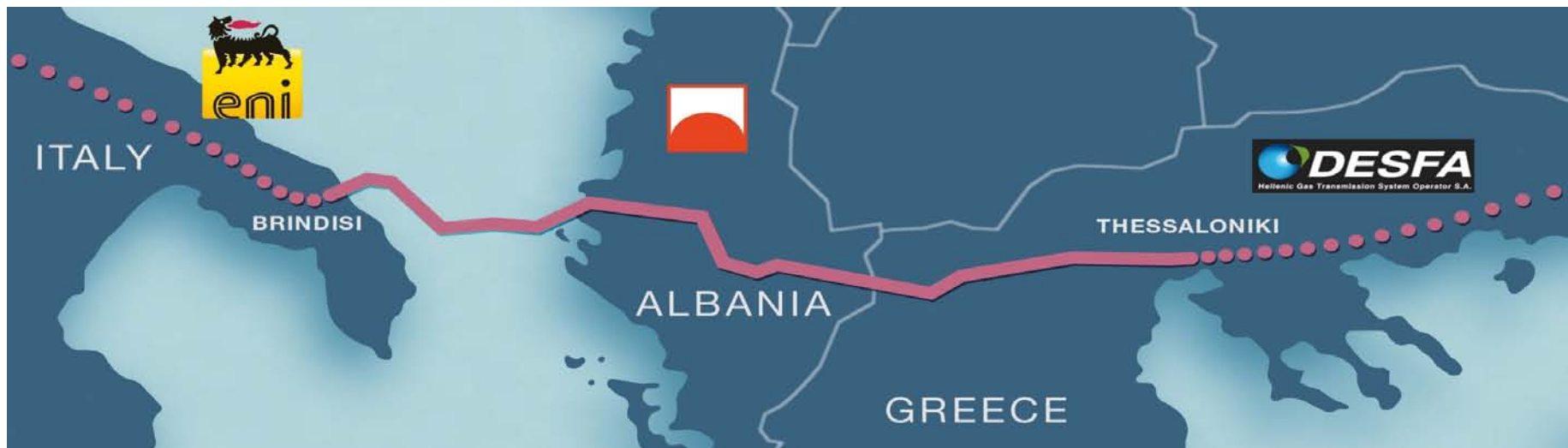
## Opening the Southern Gas Corridor

# TAP's Key Features



## *Focused on transportation of Shah Deniz II gas*

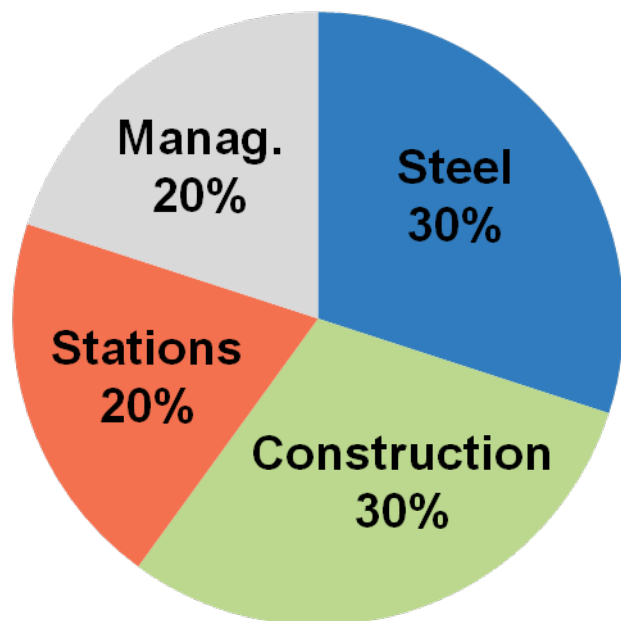
- Connects to existing networks in Greece and Italy
- Designed to expand from 10 to 20 bcm per year
- Gas storage option in Albania and physical reverse flow supports Energy Security for SEE region
- Privately financed project - does not rely on public grants
- Azerbaijan / Turkey signed a transit deal in June 2010 that matured the value chain substantially



# What Builds a Pipeline?

**“straight line economics works!”**

Typical Capex distribution  
for gas pipeline projects

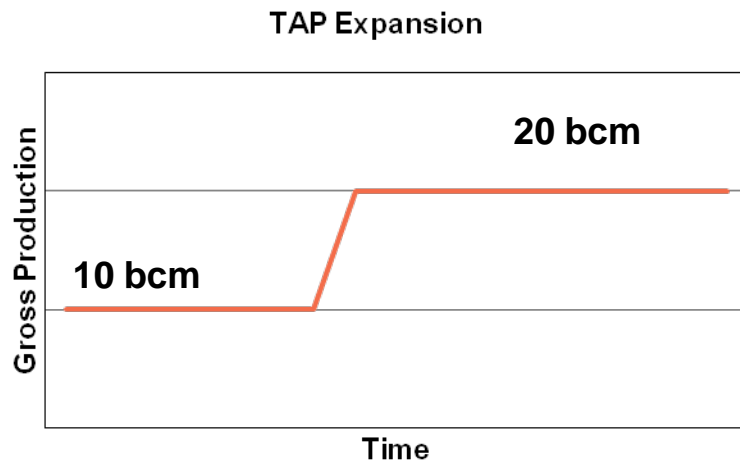


- TAP does not require ***pre-investments*** for FID
- TAP has access to world renowned pipeline ***technology & experience***
- TAP’s concept: to use ***existing infrastructure***
- Lower tariffs satisfy ***producers and consumers***

# TAP Can Expand on Demand



## *Capacity expandable to 20 bcm*



- Gas reserves in the region are abundant
- TAP can accommodate growth in production
- TAP has the potential to expand its capacity from 10 to 20 bcm at marginal incremental cost

# Securing supply for SEE region

*TAP has significant physical reverse flow possibilities*



- **Physical reverse flow: up to 8.5 bcm of 10 bcm capacity per year**
- **Cross-border interconnector** between the Italian and South East European markets
- **Connecting to future gas hubs** in south Italy, Greece, Bulgaria and Turkey
- **Securing supply in emergency situations:** connecting SEE to Algerian and Libyan gas resources

# Underground Gas Storage

## *Provides strategic storage for SEE and Italian market*

- Contributes to Security of European Energy Supply (strategic & technical)
- Enhances flexibility for shippers and buyers of gas
- Boosts the SEE Gas-to-Power market



- **Where:** Dumre salt dome in Albania, 20 km to the north of TAP pipeline - unique and feasible gas storage option. Approximately 3 – 5 caverns

# Supported by Strong Partners



*Investment confidence in the times of economic recession*



## **EGL (42.5%):**

- European energy trading company with own assets in 16 countries
- Operates gas fired power plants in Italy

## **Statoil (42.5%):**

- Second largest gas supplier to Europe
- The world's largest deepwater operator (8'000 km of subsea pipelines)
- Partner and commercial operator of the Shah Deniz consortium

## **E.ON Ruhrgas (15%):**

- Europe's largest private utility supplying 53 billion m<sup>3</sup> of gas yearly
- Own supply system comprises 11,600 km of gas pipelines

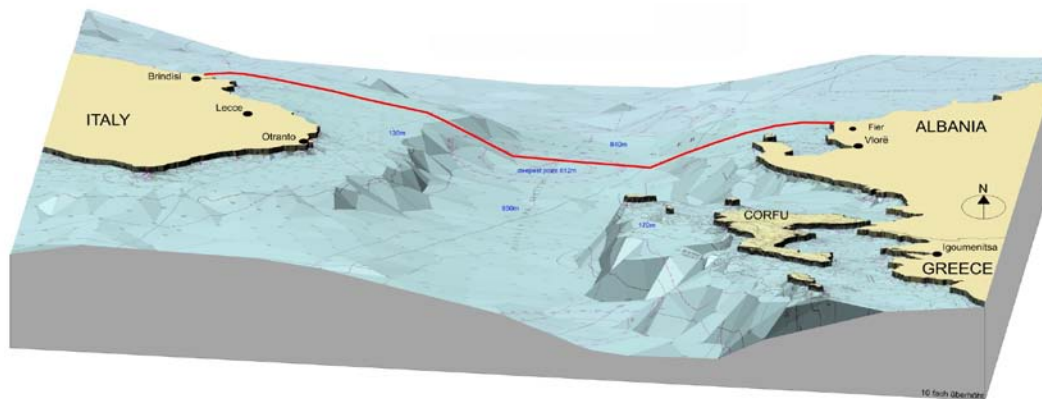
# Best Technical Experience

## *Pipeline laying onshore and offshore*

TAP shareholders - Statoil and E.ON Ruhrgas - are the world's specialists in pipeline laying

**Optimum route selected offshore (135 km):**

- Shallowest water depth (820m) compared to other routes
- Favourable seabed slopes and geotechnical conditions



# ESIA Preparation

## *Extensive Routing Surveys Conducted*

- Carried out extensive field studies to select **the most optimum route** in 2009-2010 in Albania and Italy
- Engaged in **transparent and open dialogue** with stakeholders on all levels to collect feedback on the best routing
- Selected route which **avoids natural reserves**, densely populated areas, cultural heritages sites
- Started preparation of the detailed environmental and social impact assessments in **accordance with EU legislation and international best practice**



# Conclusions



- **TAP** is focused on transporting SDII gas
- **TAP** reinforces Azerbaijan's options of gas export to Europe
- **TAP** is the most cost-effective solution in the Southern Gas Corridor
- **TAP** adheres to the highest international (EBRD) standards
- **TAP** contributes to increased security of supply in Europe and SEE
- **TAP** meets the needs of all producers, shippers and buyers

**We are convinced that with TAP, producers and buyers are best placed to achieve the immediate kick-start to open up the Southern Gas Corridor on the basis of a win-win!**

# Thank you!

Find out more about TAP at:

[www.trans-adriatic-pipeline.com](http://www.trans-adriatic-pipeline.com)