



Trans Adriatic Pipeline

Bringing gas to South Eastern Europe: a driver for progress

Current discussions on opening the Southern Gas Corridor often overlook the South Eastern Europe region which is highly dependent on a single energy supplier. For example, Bosnia and the Former Yugoslav Republic of Macedonia rely on Russia for 100% of all domestic demand, Serbia for 88%, and Croatia 39%.

Stimulated by solid economic growth – around 2-5% increase of GDP a year – the South Eastern Europe (SEE) market will register an increasingly higher energy demand in the near future. The region's collective aspiration to join the EU means that this region will also need a more environmentally balanced energy portfolio.

Five ways in which TAP can improve gas supply in the region

1. Enhance security of supply

The Russia-Ukraine gas crises highlight the need for the SEE region to gain access to new and reliable gas sources. TAP offers the possibility to connect the region to the abundant supplies in the Caspian basin, by interconnecting with the Ionian Adriatic Pipeline (IAP). Moreover, TAP's ability to expand its capacity from 10 to 20 bcm per year means that further supply diversification will be possible once additional gas sources come on stream.

The SEE region also needs to be better prepared in the event of a disruption of gas supply. TAP can activate significant physical reverse capacity in the event of such an emergency. Also, TAP is exploring the possibility of developing underground gas storage in Albania. If this is realised, it would enhance the reliability of gas supply to the region and provide increased flexibility to deal with supply disruptions as well as seasonal variations in energy consumption.

2. Help to develop regional energy markets

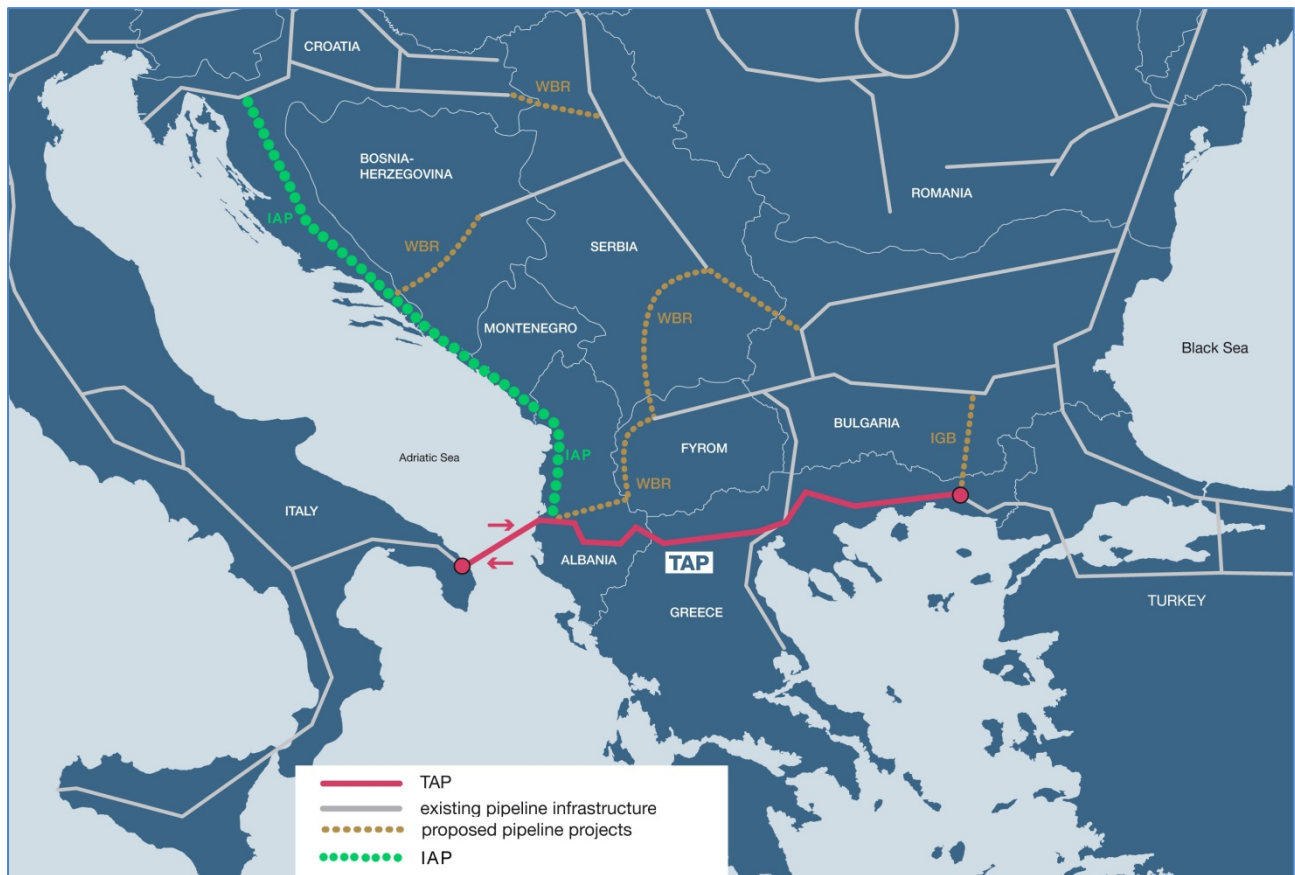
TAP can enhance the development of the gas market in South Eastern Europe by enabling the realisation of the Ionian Adriatic Pipeline, a project which has been designated by the Energy Community as a priority for the region. A pipeline aiming to connect the existing and planned gas transmission systems of Croatia, Albania, Montenegro and Bosnia & Herzegovina, through a TAP tie-in, the IAP would benefit from new and abundant gas supplies.

TAP has taken concrete steps to bring this initiative forward. Within the past year, the Trans Adriatic Pipeline has concluded Memoranda of Understanding and Cooperation (MOUCs) with the key players involved in developing the IAP project, i.e. Plinacro, BH-Gas, the Ministry of Economy of Montenegro and the Ministry of Economy, Trade and Energy of the Republic of Albania.

In addition, TAP has recently established a similar MOUC with the Slovenian transmission system operator, which could also give Slovenia the opportunity to connect into the joint TAP and IAP networks, further enhancing and integrating this regional gas market.

TAP will provide countries connected through the IAP with access to neighbouring networks in Italy and Greece, and then via these networks to additional pipeline systems in the rest of Europe. This will favour market integration in the region as well as render the markets more resilient in the event of a supply emergency.

TAP will also give the sellers of Shah Deniz 2 gas the opportunity to reach the markets in SEE and fulfil their objectives in this region in the most cost-effective, technically reliable and commercial way.



3. Connect Albania and Montenegro to the gas grid

By connecting with IAP, the TAP project can facilitate the transport of gas to Albania and Montenegro, which currently lack a gas market. TAP will provide access to new supplies laying the bedrock for developing the necessary anchor loads and attracting investments in infrastructure – both key prerequisites to enlarge the gas markets in Albania and Montenegro.

4. Provide a cleaner source of energy

Several countries in the SEE region currently rely on carbon-intensive energy sources, particularly coal and oil, to meet a significant percentage of their energy needs. Yet, gas remains the cleanest of fossil fuels, so TAP will contribute to improving environmental conditions in the SEE region.

5. Ensure energy security at no added cost

In spite of the challenging economic climate, TAP requires no government subsidies, no EU grants and, above all, no contributions from host countries. The Trans-Adriatic Pipeline benefits from strong shareholders and a sound private project financing, which will promote both economic development and political stability in South Eastern Europe.

«TAP is best positioned to contribute to a more secure and developed energy market in South Eastern Europe»