

# Klaipeda LNG Terminal: Gateway for the Baltic Gas Market



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2015-10-20

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40+ years of oil product terminal operations



Successful fast track LNG terminal project implementation



State fuel reserves



LNG reloading and bunkering station project



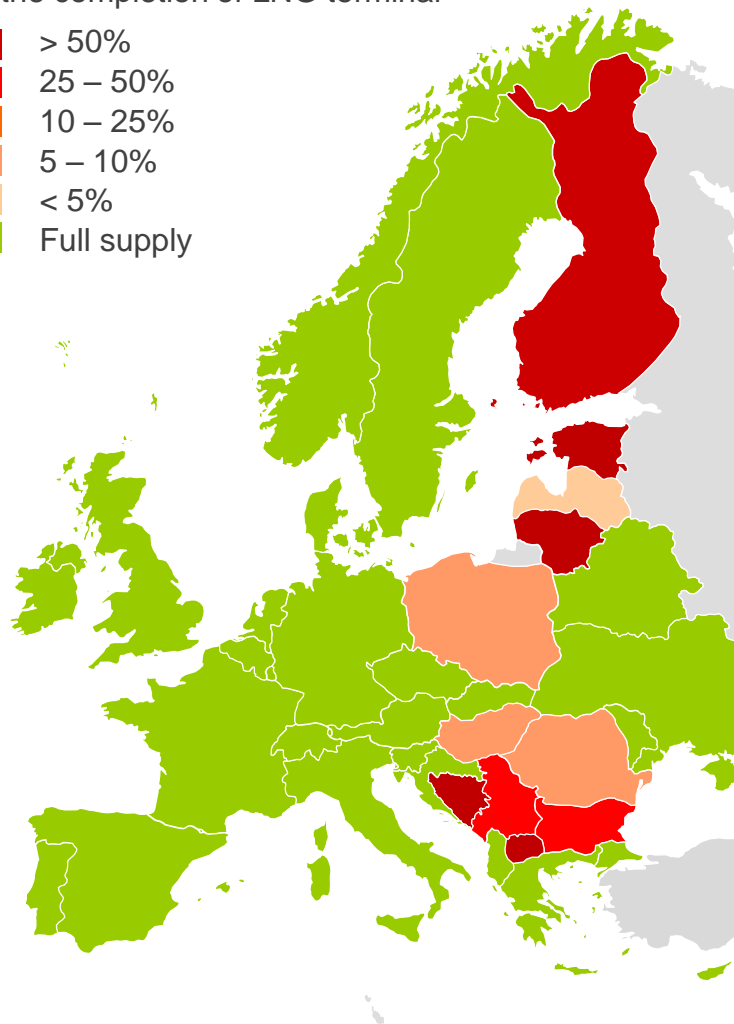
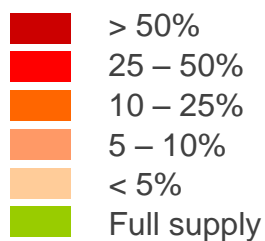
LNG bunkering vessel project



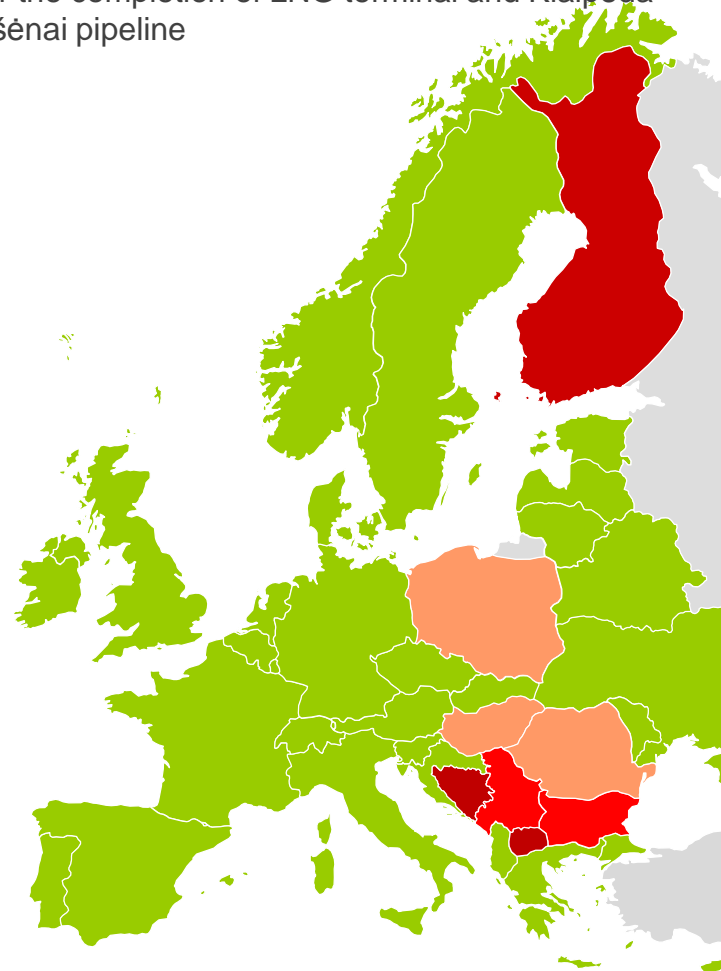
LNG terminal consulting projects

### Gas supply disruption 6 months, cold spell scenario

Before the completion of LNG terminal



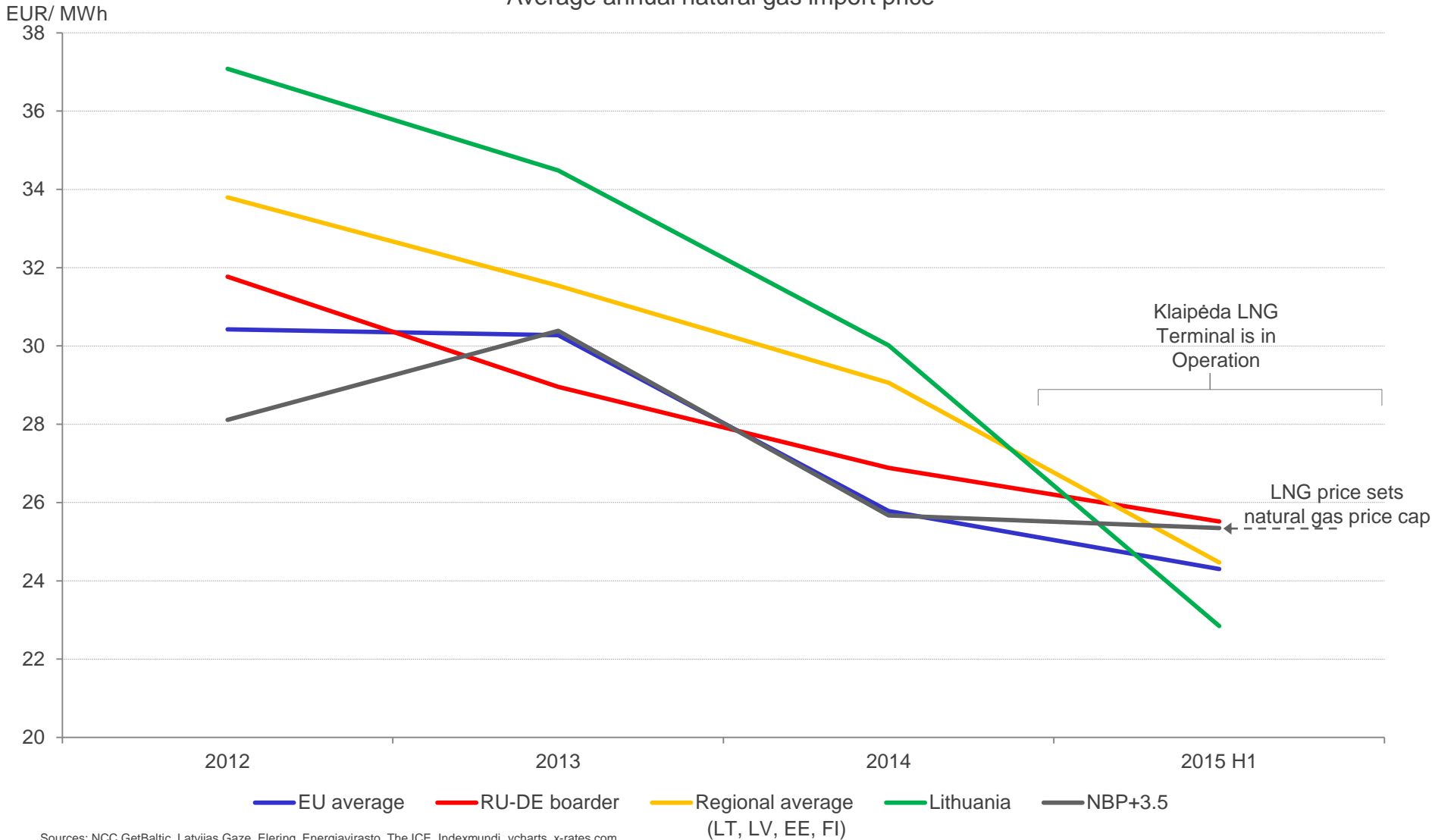
After the completion of LNG terminal and Klaipėda – Kuršėnai pipeline



# Klaipeda LNGT in the Regional Gas Market

## Security of Gas Supply - Price

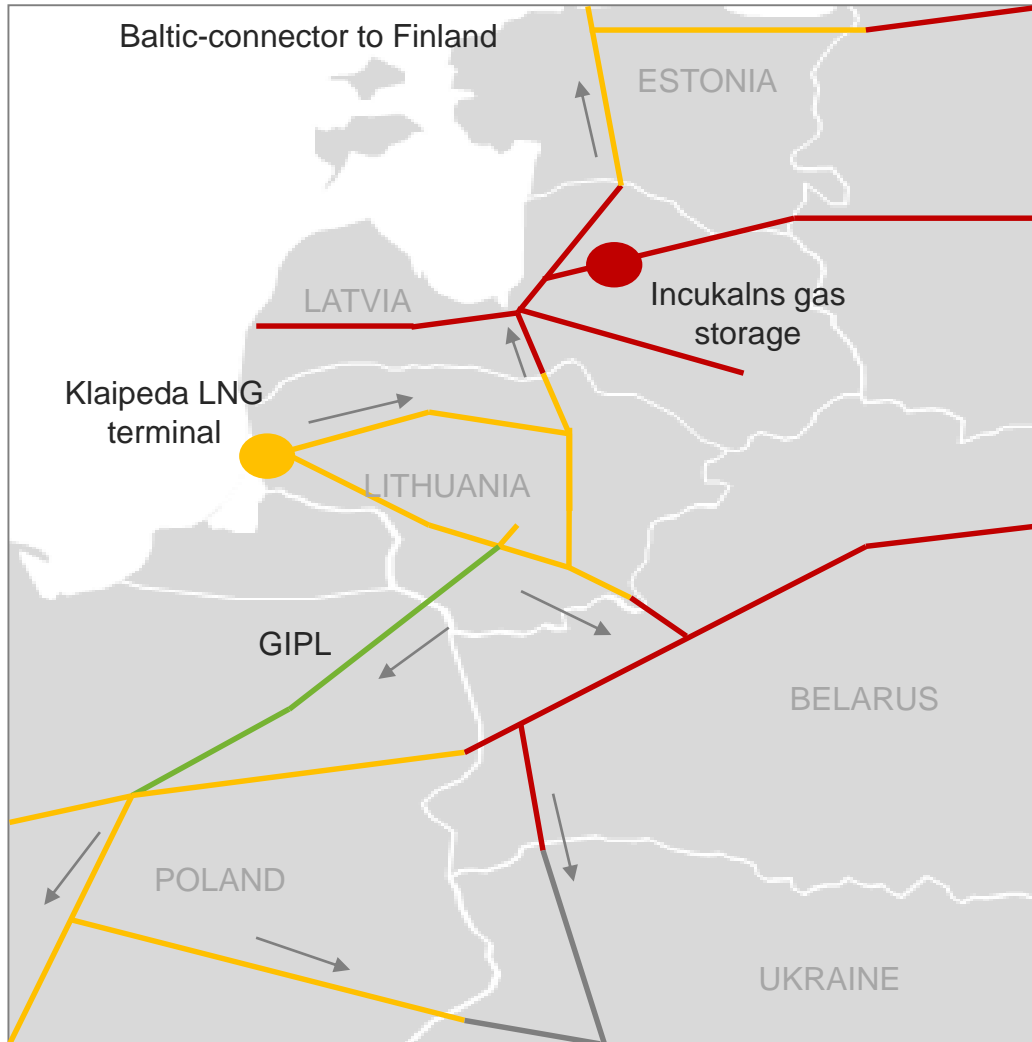
Average annual natural gas import price



Sources: NCC, GetBaltic, Latvijas Gaze, Elering, Energiavirasto, The ICE, Indexmundi, ycharts, x-rates.com

Monthly prices are averaged to get the annual average price; Respective month exchange rates are used for currency conversions where needed; Reference for the last 3 months of 2015 H1 price in Lithuania is the GetBaltic fulfilled transaction weighted average price for transactions carried out within a month; 3.5 EUR/MWh are added to the NBP price to represent LNG shipping, supplier margin and any other additional costs; 10.4 MWh/1000 nm<sup>3</sup> natural gas for conversions where needed.

# A potential Natural Gas Source to Ukraine



- Klaipeda LNGT, if needed, can cover:
  - 100% demand of vulnerable customers in all three Baltic states
  - 100% of demand in Lithuania
  - 90% of all demand in the Baltics

- **Klaipeda LNGT could deliver significant volumes of natural gas to Ukraine already in 2015, if transit through Belarus is permitted**

- Third Party Access infrastructure
- Limited or no TPA (TPA rules in Latvia approved, but not yet implemented)
- GIPL (Gas interconnection Poland Lithuania)
- Possible gas flows from Klaipeda LNG terminal

## Lithuania commits to covering costs of the Terminal

- Absorbs all investment and risks in building an LNG terminal in Klaipėda
- Covers all costs of the LNG terminal irrespective of the actual turnover through the terminal
- Covers all costs of maintaining the minimum flow through the terminal ensuring constant readiness

## Regional importance of the Terminal

- Enhanced security of gas supply for all Baltic States
- Only alternative source of gas supply
- Baltic State connection to the global gas markets

## Full Third Party Access to the Terminal

- All consumers and traders (Lithuanian, Latvian or Estonian) have equal access to terminal capacities on the same terms and conditions
- Current regulations envisage, that Latvian and Estonian users would receive services of the terminal on exactly the same terms and whenever needed,
- but are not required to cover any expenses of the terminal if they do not use the services

Klaipėda LNG terminal and associated small and mid-scale LNG infrastructure, as the regional LNG hub, **materially contributes to the availability of alternative natural gas supplies to Finland.**

**It is now for each country to capitalise on this opportunity**

Since January 2015 Estonia has been importing significant natural gas volumes from Lithuania

The benefits of Klaipėda LNG terminal could be realized to greater extent if:

- The remaining legal and regulatory barriers for all natural gas consumers to participate in the free market are removed.
- Integration of the gas markets of the Baltic States, Finland and Poland are accelerated.
- The use of natural gas transmission and storage services, including tariff structures, are regulated from the broader regional perspective.
- Baltic States and Finland are included into wider European programs, such as Blue Corridors.

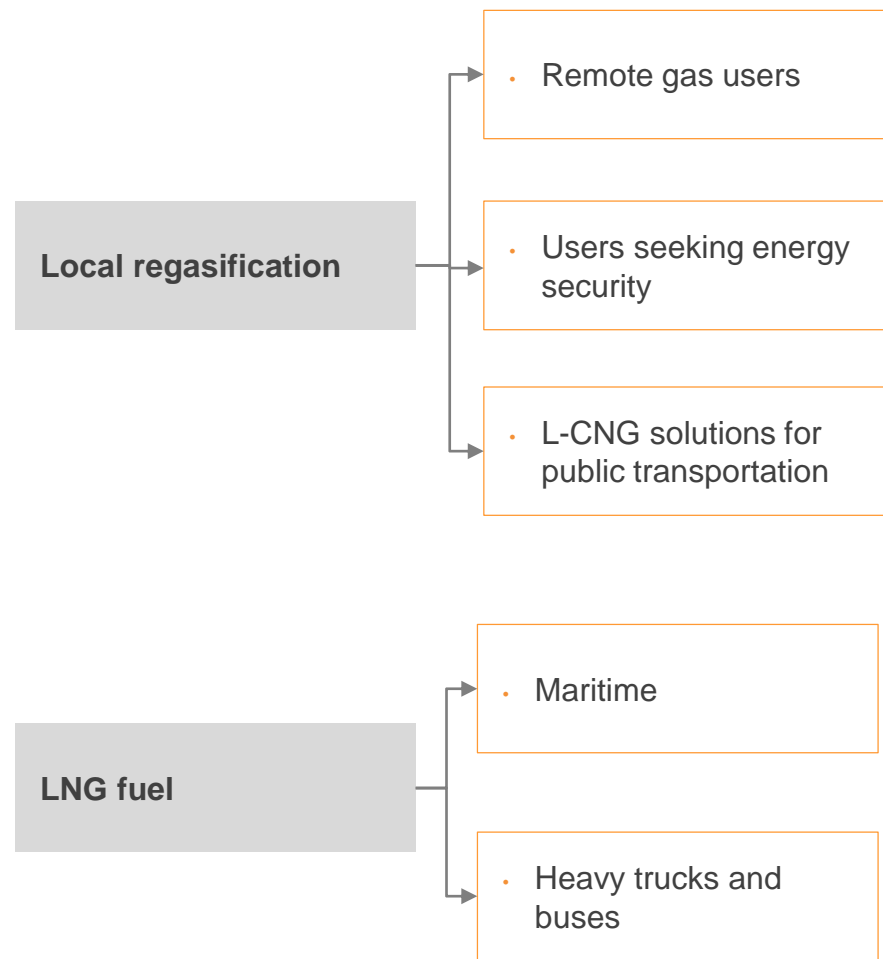
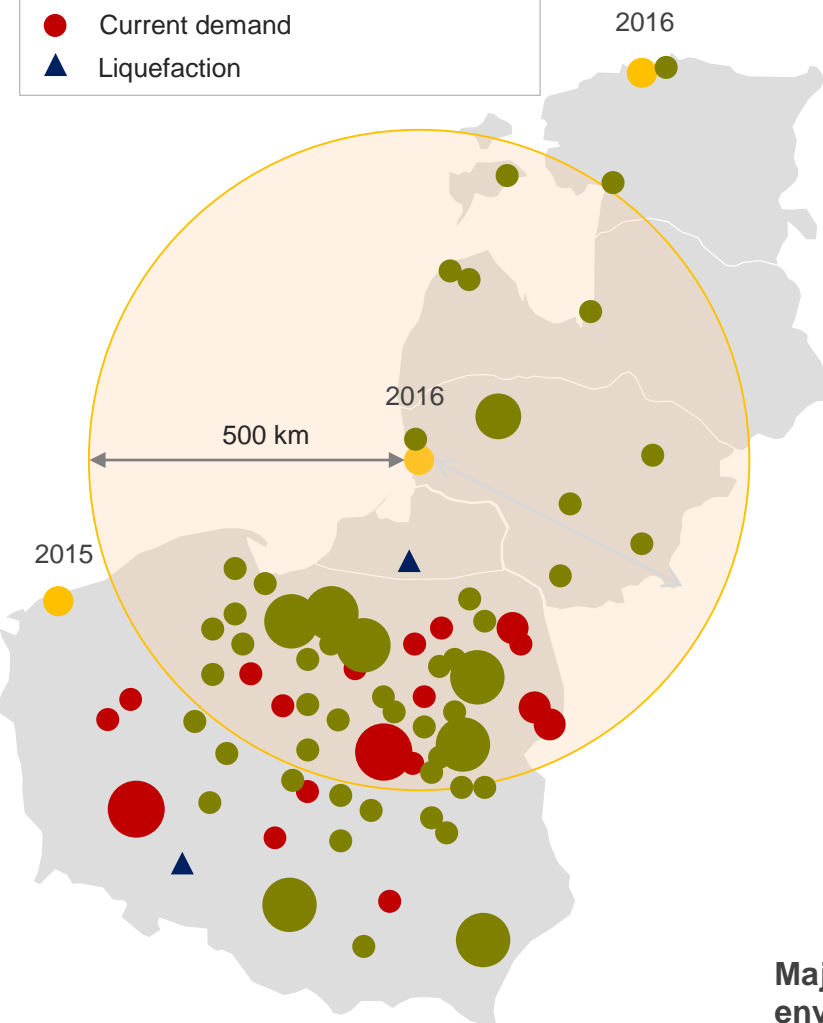
**Lower LNG infrastructure costs** for all consumers and **greater affordability** of LNG could be achieved by:

- Removing barriers for transit of natural gas to the third countries (such as a [virtual] transit to Ukraine)
- Accelerating small and mid-scale LNG applications both in marine and land-based areas



# Broad field of application increases LNG potential in the region

- Planned LNG reloading station
- Potential demand
- Current demand
- ▲ Liquefaction





Major drivers behind LNG demand growth are cost savings, environment, safe and easy transportation.


# Klaipėda LNG Terminal as a Hub to Meet Small-Scale Demand

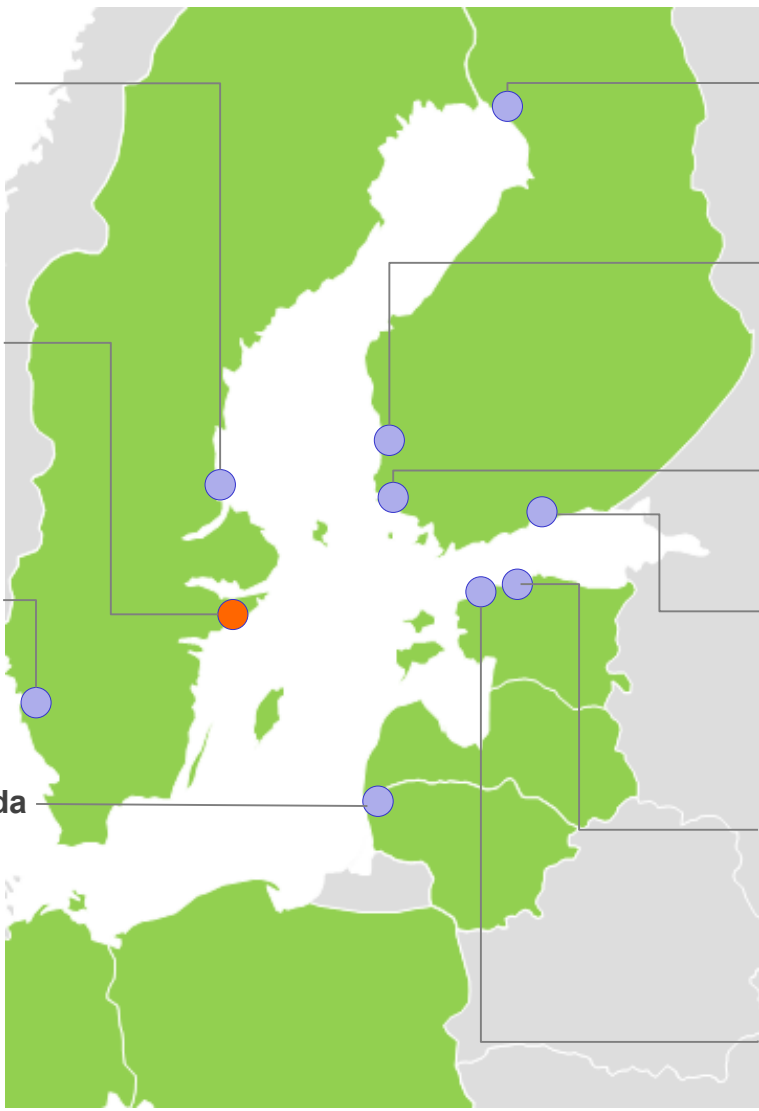


 **Gävle project**  
Expected start-up: 2018  
Size: 20,000-30,000 m<sup>3</sup>

 **Nynäshamn project**  
Operational from: 2011  
Size: 20,000 m<sup>3</sup>

 **Gothenburg project**  
Expected start-up: 2017  
Size: 9,600 m<sup>3</sup>

 **Regional hub in Klaipėda**



 SKANGASS

 AGA

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 HAMINAN  
ENERGIA OY

 JetGas

 Vopak

**Manga project**  
Expected start-up: 2017-2018  
Size: 50,000 m<sup>3</sup>

**Rauma project**  
Expected start-up: 2017-2018  
Size: 20,000 m<sup>3</sup>

**Pori project**  
Expected start-up: 2016  
Size: 30,000 m<sup>3</sup>

**Haminan project**  
Expected start-up: 2017-2018  
Size: 20,000-30,000 m<sup>3</sup>

**Tallinn-Muuga project**  
Expected start-up: 2017  
Size: 2,000 m<sup>3</sup>

**Tallinn-Muuga project**  
Expected start-up: 2017  
Size: 5,000 m<sup>3</sup>



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T E R M I N A L  
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Thank you for your attention.