

Welcome speech to the participants of 7th TYNDP WS

Vice-chairman of the Board
Jörg Tumat
March 21, 2013
Riga

Few facts about Republic of Latvia

- **Key figures**

- Territory: 64,589 km²
- Population: 2.0 million
- Capital: Riga

Development of national economy

- After period of rapid economic growth in 2009 GDP contracted by 17.7% and unemployment reached 23% triggered by burst of the easy credit bubble
- In 2011 economy returned to the stable growth, and GDP increase reached 5.5%, but in 2012 5.6%, which is the fastest growth rate in the EU

Other developments

- From January 1, 2014 Latvia aims to join Eurozone
- In 2014 Riga will become the cultural capital of Europe
- In 2015 Latvia will hold EU Council presidency

GAS SUPPLY MAP OF BALTIC COUNTRIES



Gas supply issues of the Baltic States

Since Baltic States are not connected to the common EU gas grid, the three Baltic States and Finland are referred to as “energy islands” dependant on a single gas supplier.

JSC Latvijas Gāze

Activities of the company: natural gas purchase, storage, transmission, distribution and sales.

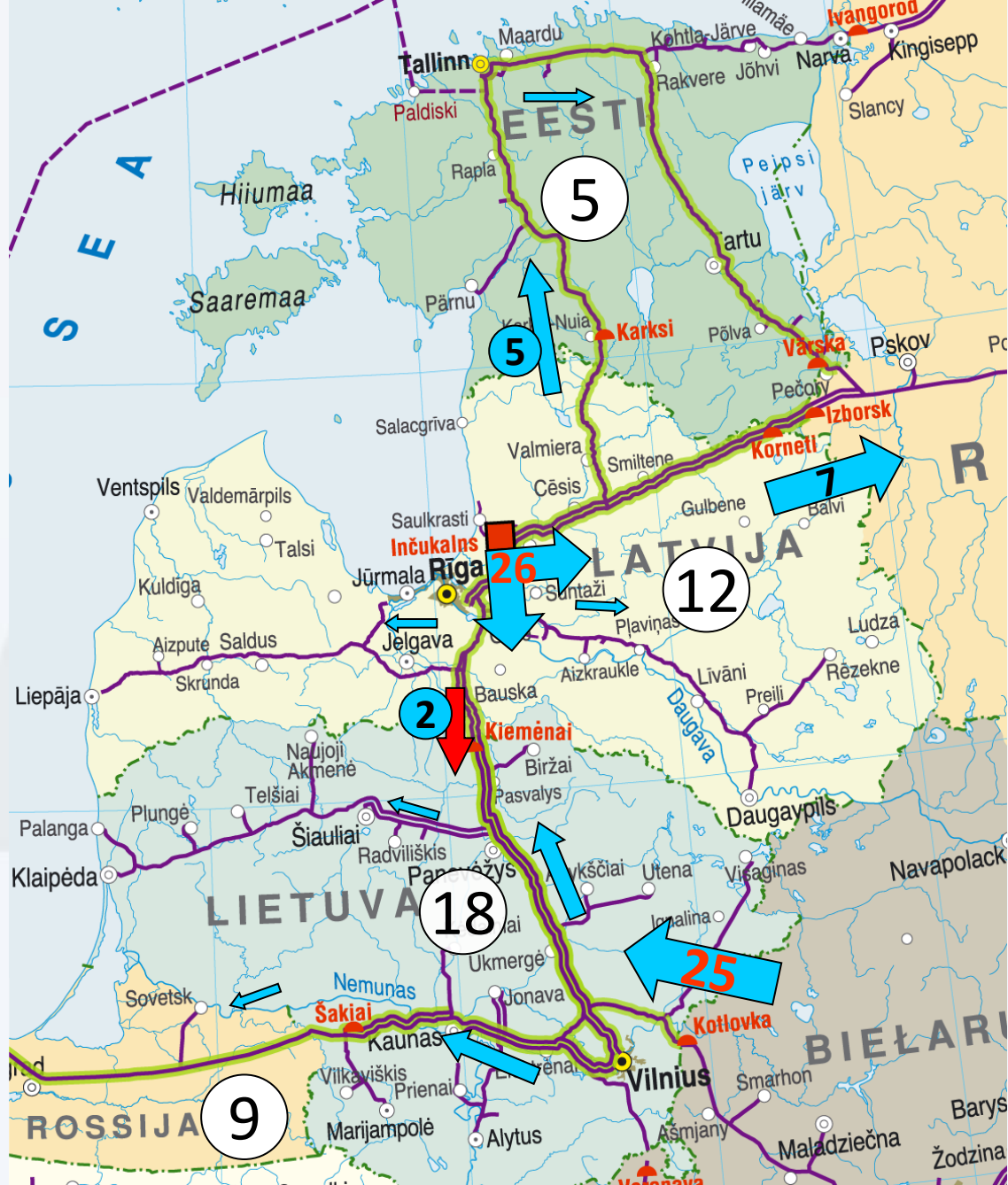
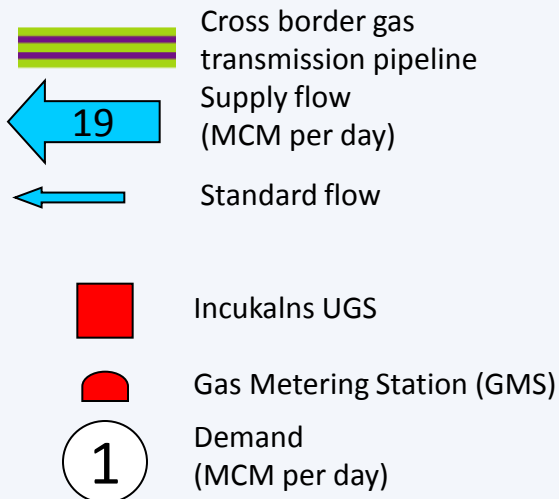
Main assets:

- Inčukalna UGS with total volume of 4.4 BCM and active gas of 2.3 BCM;
- Transmission pipelines 1104 km;
- Distribution pipelines 4832 km;
- GRS 44 units;
- Employees 1270;
- Clients 442.6 thousand

ENTSO

Latijas Gāze is the Associated partner of ENTSO since 06.03.2012

Natural gas supply form Incukalna UGS 02.02.2012.



Implementation of projects received EU funds

Enhancement of bi-directional interconnection capacity between Latvia and Lithuania



Action

1. Reconstruction of 15 wells in Incukalns underground gas storage (Latvia)
2. Repairs of isolation on pipeline Riga-Incukalns (Latvia)
3. Reconstruction of underwater pass over Daugava River and construction of new receiving trap for inspection gauges (Latvia)
4. Modernization of Panevėžys gas compressor station (Lithuania)
5. Modernization of gas pipelines (Lithuania)

- Latvijas Gāze and Lietuvos Dujos jointly applied for EU funds within EERP arrangement for enhancement of interconnection capacity between Latvia and Lithuania, which on Latvian side includes reconstruction of 15 wells at Incukalns UGS and construction of new underwater pass on Daugava River.
- Both actions are successfully completed, and Latvijas Gāze in total is expecting to receive Euro 10 million from EU funds after finishing of the whole project.



Map of investment projects in the BEMIP region



LNG projects 	
1	Finngulf LNG project
2	Paldiski LNG terminal
3	LNG terminal in Latvia
4	Klaipėda LNG terminal
5	LNG terminal in Świnoujście
Storage projects 	
6	Incukalns
7	Syderiai
8	Strachocina
9	Wierchowice
10	Mogilno
11	Kosakowo
Transmission projects 	
12	FI - EE interconnector (Baltic Interconnector)
13	Enhancement of LT - LV interconnection
14	Jurbarkas - Klaipėda
15	PL - LT interconnection
16	PL - DK interconnection (Baltic Pipe)

Issues of regional development

- During the last BEMIP PCI working group meeting following the suggestion of the EC it was agreed to form a cluster of projects with the tentative title “Upgrade of the Eastern Baltic natural gas network”, consisting of four projects:
 - Enhancement of Latvia-Lithuania interconnection;
 - Karksi GMS;
 - Enhancement of capacity of pipeline Klaipeda-Kiemenai;
 - Modernization and expansion of Incukalna UGS.
- In order to coordinate mutual cooperation TSOs of Latvia, Lithuania, Estonia and Finland agreed to establish the East-Baltic TSOs Working Group.
- As the first step, the East-Baltic TSOs working group will carry out joint analysis of interoperability of projects of the Eastern-Baltic cluster, together with the regional LNG terminal, Balicconnector and GIPL in order to develop the list of necessary regional projects, their costs and implementation schedule.
- The success of East-Baltic TSOs working group will be essential for further coordination and implementation of the regional projects

Highlights

- Urgent actions, cooperation between parties and EC support is needed for ending the isolation of the Baltic States and securing of gas supply diversification.
- Giving a holistic and transparent view on the EU wide infrastructure publication of ENTSOG TYNDP will trigger further discussion and activities especially in our region.
- To deal with our special situation apart from EU support we urgently need to attract project partners and investors to the Baltic States.
- Therefore we appreciate that ENTSOG has chosen a capital of one of the Baltic States for their workshop thus supporting achievement of the goals of the Baltic Energy Market Interconnection Plan (BEMIP)

**Thank you for your attention
and have a nice stay in Latvia!**