

INTERCONNECTING & REGIONAL INTEGRATION IN SOUTHERN BALKANS THE PROSPECTS OF GAS INTERCONNECTION PIPELINES

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Progress, Challenges and Perspectives in the Gas Sector...

- New interconnectivity opportunities arising from the reality of South Gas Corridor and **especially those opened** for us from the **TAP passing through Albania**. Today, TAP has from an Albanian perspective well progressed and **Albanian Government is happy** to have done all in its power to have TAP keep its **investment schedules**.
- **From this TAP-starting perspective our countries in south and West Balkan are almost “interconnected”**. With its over 900+ km of pipe TAP connects **Greece, Albania and Italy**.
- TAP represent the best opportunity to develop interconnection within the South and West Balkan Countries but also more. We all should be engaged and profit from this opportunity having passed through South Balkan, both internally and through interconnection among respective countries.

ALBGAZ to develop internal Gas Market Resources...

- **Albgaz** as **TSO** to **develop internal gas market resources** and assets mostly in the transmission segment, since we in Albania have decided to already apply the **European Third Energy Package** having the transmission, distribution and shipping activities separated. Albania to leave the gas distribution in the hands of private operators and have **Albgaz** playing the **TSO** role, managing **national transmission assets**, gas storage facilities and **interconnection in the region**.
- Currently **Albgaz** is configuring itself and **preparing** and **building up capacities** to take position in the market, working with the Ministry of Infrastructure and Energy (**MIE**), Albanian Energy Regulator (**ERE**), and various donors in:
 - The network and transmission code;
 - Capacities building within the Staff;
 - Tariff Policies and Methodologies, etc.;
 - Market Development “Models”;

ALBGAZ Targets...



- Albgaz is pursuing the first one: the **40 km Fieri-Vlora Pipeline delivering gas to the first gas-based Vlora-TPP (100-300 MW) in Albania.**
- In the **Area of Tirana-Durres**, the real concentration of economic development of Albania **Albgaz** is assessing the development of **small LNG solution**, in industrial areas just to hit the market on the “**demand side**” and waking up interest of **distribution** players.
- In this demand-perspective **Korca**, the most important South-East city and just **5 km only passed by from TAP Pipeline**, where various players think both building the **Korca-TPP (up to 500MW)** and for developing a distribution network combined with a central heating one!
- Through a Joint Venture between **Albgaz and SNAM s.p.a.** in Italy full Maintenance Services to **TAP Assets** will be provided. **Albanian Gas Services Company** is currently preparing its staff in Albania and Italy.

Interconnection Options within the Region...



- Interesting enough remains also the interconnection options departing from Albania. For example, **IAP Ionian Adriatic Pipeline interconnecting Albania, Montenegro, Croatia and Bosnia Herzegovina**. It is project estimated to some **520 Km** at an average cost of **EUR1-1.20 million/km** totaling an investment of around **EUR600M+**.
- It opens very good perspective in all the countries it goes through, developing the north of Albania, helping future developments versus Kosovo, providing a good backbone for Montenegro and supporting the energy demands in the South of Croatia.
- Therefore, an organism (in form of one LLC) is under way being established between the TSOs of the four Countries: **Albania, Montenegro, Bosnia & Herzegovina and Croatia**. It will coordinate all type of efforts within the countries and among the various potential stakeholders like **institutional investors, EU financial instruments, WBIF, sector-players, etc.**

Interconnection Options within the Region...

- Once interconnected with existing Croatian network **IAP** will have the possibility to offer gas from TAP source versus North of the Balkans interconnecting with other important gas transmission assets (from Italy, Slovenia, Austria). If successfully built IAP will indeed -in a broad perspective- close “**Pipeline Rings**” both in Adriatic with i.e. SNAM Italia, Slovenia and in Balkan with the existing or under development pipelines in Serbia, North Macedonia, Bulgaria.
- **IAP is not without challenges** regarding the “market development” and “business model” to be applied in the countries it passes through, before allowing the commercial viability for any investor involved. In any case IAP will have to consider being supported **from EU financial instruments** dedicated for the construction of such pipeline infrastructures.

Interconnection Options to Neighboring Countries...

- Other interconnection opportunities do arise and must developed like that of Albania and North Macedonia **Interconnecting Pipeline (80-90 km) Korca-Ohrid**. ALBGAZ and MER in North Macedonia have initiated -via a **MOU** (Sept. 2018)- the cooperation about this project.
- Another interconnection is **ALKOGAP or the potential Pipeline to interconnect Albania and Kosovo**. It is no more an idea and under the care of Ministry of Energy and Infrastructure of Albania ALKOGAP is included in the PEI projects. We will have a better idea about this **200 km** long pipeline and expected cost of **EUR200M** from a running pre-feasibility study within the 2nd Quarter 2019.

Harmonized Development & Increasing the Security of Energy Supply

- From a perspective of interconnection all of **us in the Balkans** should increase the cooperation in legal frameworks, standards, etc., the exchange of information, both for internal market development and interconnection ideas, and contribute:
 - for a “**harmonized development**” of the entire region,
 - **to optimize the investment without oversizing** or wrongly doubling “route traces” or “other assets”,
 - **increasing the security of supply** and guaranteeing steady development of our countries.
- Gas-based energy will continue to keep its fair share in such a development for quite a long time, while transiting from **old carbon-based** into **green energy sources**.



Thank you for your attention.

(...if you do have questions please feel free to ask.)