EBRD: Interconnections and Regional Integration

Energy Diversification, Renewables and Energy Efficiency
Tirana International Energy Charter Forum
12-13 June 2019
Emerging gas markets and the low-carbon transition in SEE

### Challenges
- **Climate change**: Need to reduce GHG emissions
- **Air Quality**: is a critical social concern in SEE
- **Declining capex** leads to RES expansion (intermittence)
- **Gas-to-gas competition**: is changing the Gas pricing terms

### Opportunities
- **More gas** from diverse sources (US, Asia, Black Sea, East Med) is traded globally
- **More gas delivery options**: flexible supply options (LNG), pipelines (SGC), interconnectors
- **More markets**: Regulatory reforms led to flexible trading in national and regional markets

### Roles of gas
- **Fuel switching**: from more carbon-intensive sources, if done sustainably
- **Reducing air pollution**: by replacing heavy fuels
- **Delivering secure and flexible energy systems**
- **Supporting the scaling-up of intermittent renewables**

### Risks / Constraints
- **Methane emissions**: The expansion of gas pipelines and LNG involves fugitive emissions
- **Technological competition**: Gas competes with other less carbon-intensive sources (RES)
- **Limited interconnectivity and access to international gas markets in SEE**

### Investment options
- Modern Pipelines, LNG, UGS
- Fugitive emission abatement
- Energy Efficiency (heat recovery)
- Intermittent generation (e.g. peak power)
- 3EP, TPA, real unbundling
- Physical & Virtual Reverse Flow
- Liquid Hubs
EBRD Track Record

Gas investments across SEE

2009
Resilient – Energy Security
EUR 70m sovereign-guaranteed loan for the development of Okoli UGS.

2010
Resilient – Gasification
EUR 19m loan for the construction of a 40km domestic pipeline.

2010
Resilient – Energy Security
EUR 150m sovereign-guaranteed loan to rehabilitate 40% of gas network.

2018
Integrated – Regional Market
EUR 1bn syndicated financing for the construction of TAP.

2013
Well Governed – Corp. Governance
EUR 50m equity participation in IPO at the Bucharest Stock Exchange.

2017
Competitive – Route diversification
EUR 60m sovereign-guaranteed loan for the construction of BRUA.

2017
Competitive – Upstream development
investment in the development of off-shore gas fields.

2017
Integrated – Cross-regional links
USD 500m sovereign-guaranteed loan for the construction of TANAP.
EUR 1 Bn syndicated financing to TAP
- Of which Eur 500m for the account of EBRD and Eur 500m syndicated to 15 commercial banks
- Part of a cEur 4Bn project financing alongside EIB and the ECAs of Italy, Germany and France

EBRD financing across the entire Southern Gas Corridor
- TANAP
- South Caucasus Pipeline (lender to Lukoil)
- Shah Deniz phase 1 & 2 (lender to Lukoil)

Lead IFI supporting the preparation of IAP and ALKOOGAP under the WBIF
Also supported Albania in the preparation of the 2016 Gas Master Plan and Project Identification Plan
Technical Cooperation to Albgaz for capacity building support for its legal and regulatory function (with funding from EBRD SSF) – ongoing

Main objectives:

• Capacity building of TSO with a view to strengthening its legal and regulatory unit

• Operationalize tariff methodology and tariffs

• Develop detailed procedures to operationalize the network code

• Enhance network planning functions
Thank you!

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