

# Connecting Caspian Gas to European Markets

A summary of the Trans Adriatic Pipeline's Decision Support Package proposal to the Shah Deniz Consortium



In partnership with:



# TAP advantages – at a glance

The TAP project is the most effective solution for transporting Shah Deniz II gas to Europe. Distinguishing factors include:

## Commercially and technically the most optimal route

TAP provides a direct route from the Turkey/Greece border through to Italy – it is a one-stop-shop solution with the shortest routing.

As well as providing a direct link to core European markets, TAP enables diverse and secure sources of supply that will benefit South East European countries, and also opens up new opportunities in the Western Balkans, in line with EU energy policy.

The pipeline follows a carefully selected onshore and offshore route designed to minimise project risk and the impact on the environment and local communities.

## Scalability

Capacity can quickly and easily be expanded from a baseline of 10bcm/a to 20bcm/a and beyond at minimal cost.

## Technical experience

The TAP organisation is made up of world-leading energy companies including E.ON and Statoil which have proven track records in delivering major energy infrastructure projects.

## Financial and commercial strength

TAP's financially robust shareholders are committed to supporting the project throughout its development, and have no need for subsidies and grants to make the project a success.

## Compliance with international standards

TAP is committed to meeting and implementing European Bank for Reconstruction and Development standards and regulations. These international requirements are applied across all aspects of TAP's ongoing development, including construction, corporate social responsibility, land acquisition and the Environmental and Social Impact Assessments.

# Welcome

Since the Trans Adriatic Pipeline was selected as Shah Deniz's preferred southern route in February 2012, we have continued to evolve and refine our proposal to ensure that we are delivering the most robust and compelling offer to the Shah Deniz Consortium.



Dear Reader,

Our latest submission of the Decision Support Package in 2013 to the Shah Deniz Consortium demonstrates, emphatically and in great detail, how we meet all eight

of the Consortium's selection criteria and is reinforced by over 900 supporting documents.

To reach this point, the TAP team has met with some 4,000 stakeholders and surveyed more than 10,000 kilometres of terrain during the last four years. This has resulted in preparing and submitting Environmental Social Impact Assessments (ESIAs) in the countries along our route in Albania, Greece and Italy. We have also completed our Front End Engineering Design (FEED) – a significant milestone that underlines TAP's leading technical capabilities.

Throughout this development phase, our focus has been on identifying the optimal route to transport Caspian gas to Europe. TAP's route from the Turkey/Greece border is the most direct to reach Europe's major markets and also allows for supplies to South East European countries, including Albania and Bulgaria. In addition, TAP opens up new markets in the Western Balkans where we

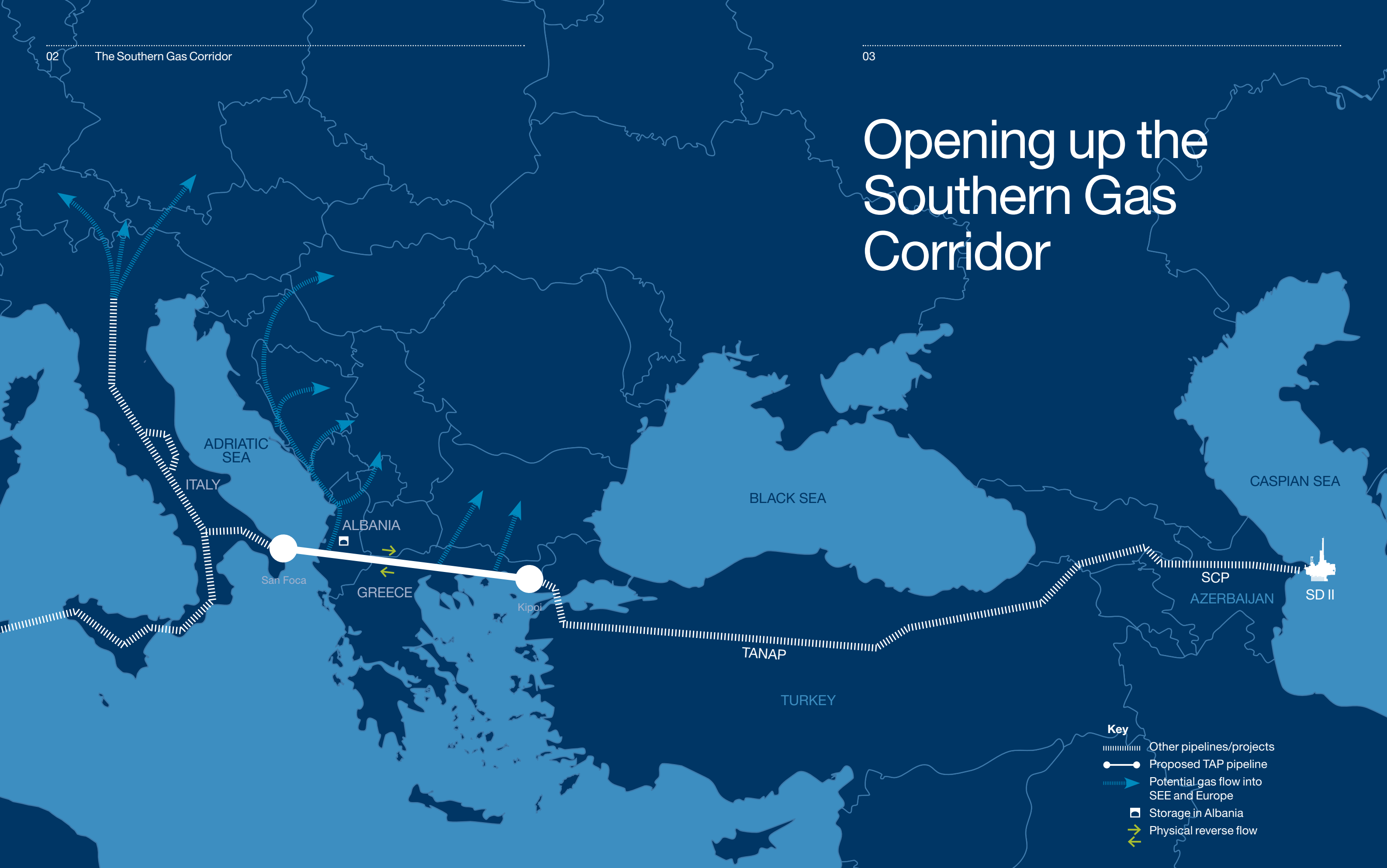
are working with the Ionian Adriatic Pipeline (IAP) to explore long-term supply opportunities.

As well as proposing the most suitable route from both a commercial and technical standpoint, we can also provide strong reassurance in terms of deliverability. Owned and supported by three leading European energy companies, we have a huge amount of experience in delivering projects of this magnitude both onshore and offshore. Our shareholders are Axpo of Switzerland (42.5%), Statoil of Norway (42.5%) and E.ON of Germany (15%).

We are extremely proud of and confident in our proposal that we have achieved with the strong support from our host and home governments, whom we would also like to thank. We look forward to the opportunity to continue working with the Shah Deniz Consortium on this key energy project for Azerbaijan, Europe and the Balkans.

**Kjetil Tungland**  
Managing Director

# Opening up the Southern Gas Corridor



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# TAP milestones to date

**Political support / Agreements**

- Intergovernmental Agreement (IGA) signed (February 2013), ratified by Albania (March 2013) and Greece (April 2013)
- Host Government Agreement with Albania signed and ratified (April 2013)
- Host Government Agreement with Greece planned to be concluded (May 2013)
- TAP and TANAP Cooperation Agreement signed (November 2012)
- TAP named “project of national importance” in Albania (December 2012)
- Memorandum of Understanding (MoU) between Albania, Greece and Italy signed (September 2012)
- MoUs in South Eastern Europe on interconnection with Ionian Adriatic Pipeline (IAP) (Plinacro Ltd, Croatia; BH-Gas, Bosnia; the government of Montenegro; the government of Albania; Geoplin Plinovodi, Slovenia)

**Technical**

- Front-end engineering design (FEED) completed (March 2013)
- 10,000 km of terrain analysed, world-class engineering expertise of Statoil and E.ON mobilised
- Environmental permit received in Albania (April 2013) following approval of ESIA
- Updated ESIA to be submitted in Italy (Sept 2013), ESIA to be submitted in Greece (Q2 2013)
- Pre-qualification for steel pipe producers (January 2013)

**Cooperation with Shah Deniz / Commercial**

- Binding Decision Support Package submitted to Shah Deniz Consortium (30th April 2013)
- Third Party Exemptions approved by three National Energy Regulators (4th March 2013), approved by the European Commission in May 2013
- Shareholder Agreement concluded with Shah Deniz Consortium shareholders – SOCAR, BP, Total (November 2012)
- Funding and Equity Option Agreement signed with Shah Deniz Consortium shareholders – SOCAR, BP, Total (August 2012)
- Cooperation Agreement signed with Shah Deniz Consortium shareholders – SOCAR, BP, Total (June 2012)
- TAP selected as priority southern route by Shah Deniz Consortium (February 2012)

**Finance**

- TAP has initiated discussions with International Financing Institutions including European Bank for Reconstruction and Development and the European Investment Bank
- Financial Advisor appointed (Société Générale – March 2013)
- Letters of Intent issued from International Financing Institutions and Export Credit Guarantee Agencies (including EBRD and EIB – Q1 2013)
- No reliance on subsidies or grants

## Intergovernmental agreement signing Athens, February 2013



01



01  
From left: Italian Economic Development Minister, Corrado Passera, Greek Foreign Minister, Dimitris Avramopoulos and Deputy Prime Minister and Energy Minister of Albania Edmond Haxhinasto.



# Commercially the most optimal route

TAP has been designed to deliver the most technically and commercially effective route – a one-stop-shop solution that opens up the Southern Gas Corridor and provides access from the Shah Deniz II field directly into Western and South Eastern Europe.

TAP’s 867km pipeline offers the shortest route to established European markets and the best option for constructing a safe, reliable and commercially viable pipeline.

Connecting directly to the Trans Anatolian Pipeline (TANAP) and then running from the western border of Turkey, TAP follows the shortest possible route to Continental Europe’s second largest market, Italy. Gas volumes delivered via TAP to Italy can further be transported, through physical or virtual reverse flow, via the Trans Austria Gas system (TAG) and/or Transitgas to North West European markets.

En route to Italy, TAP offers multiple opportunities for gas sellers to bring energy to developed gas markets – including Greece and Bulgaria. This will also diversify and provide security of supply to untapped markets in the Western Balkans where new gas supplies are in high demand to change the energy mix of these countries.

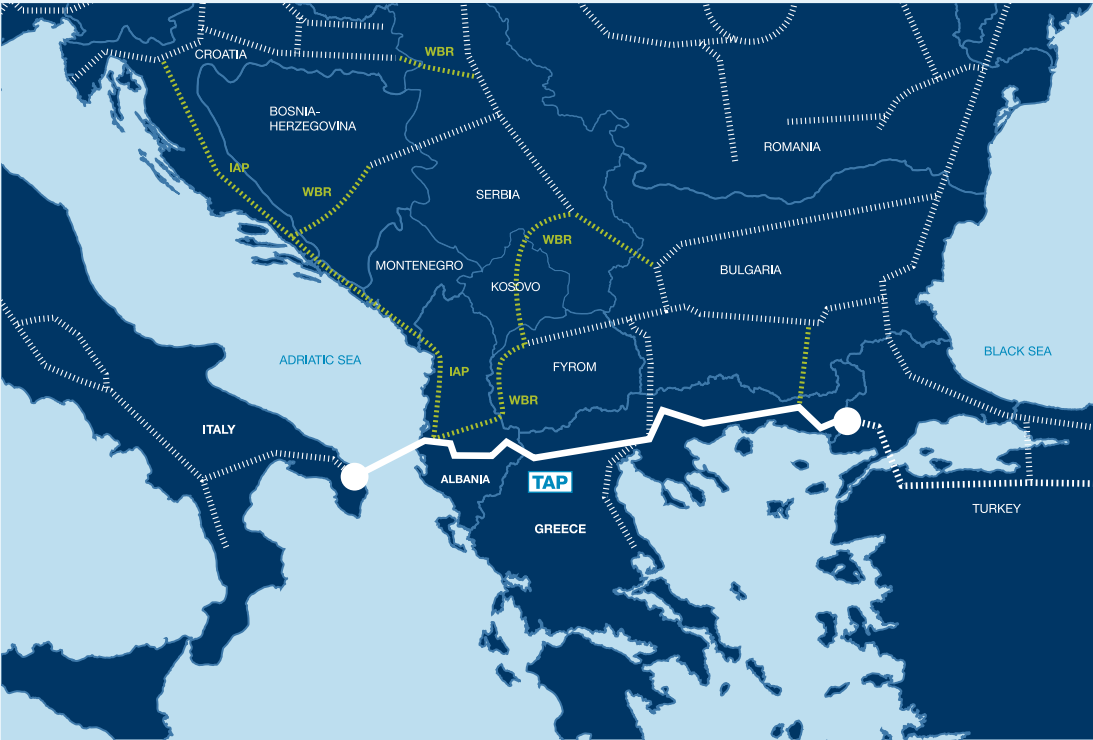
**Attractive commercial terms**

TAP offers a solid technical and commercial solution, with fixed tariff rules and allocation of risks through the terms and conditions of the Gas Transportation Agreement (GTA), Tariff Definition Agreement (TDA) and Capacity Allocation Mechanism (CAM). The TAP project will provide an attractive tariff on the back of a competitive overall commercial package which includes:

- The highest environmental, health and safety standards, as required by international oil and gas majors;
- State-of-the-art infrastructure with built-in reliability and back up;
- A solid expansion case, simply requiring incremental investment in additional compressor trains and stations to build on targeted pre-investment made during the construction of the initial capacity; and
- Thorough preparation for the long-term security and integrity of the pipeline, protecting the reputations of both shippers and shareholders.

**Connecting to countries other than Italy**  
TAP has established a cooperative relationship with the Greek gas network operator DESFA, which has concrete plans to install reverse flow of gas into Bulgaria through existing systems. In addition, cooperation with the planned Interconnector Greece-Bulgaria (IGB) is being established, creating two opportunities to supply gas to Bulgaria

via TAP, should the Shah Deniz Consortium wish to sell gas to Bulgaria.  
  
Furthermore, provisions for possible gas off-take points are included in Greece and Albania, allowing connection to local pipeline systems and the planned Ionian Adriatic Pipeline traversing Albania, Montenegro, Bosnia Herzegovina and Croatia.



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**Key**

- — ● TAP pipeline
- Existing pipelines infrastructure
- ..... Proposed pipeline projects

01  
Interconnection possibilities in South Eastern Europe

# Rigorous project set-up in place to ensure project deliverability

TAP has the necessary technical and organisational structure in place and is able to execute project plans on schedule and within budget. TAP has set up a robust corporate governance structure where the rights and responsibilities of the Board of Directors and the TAP management team are clearly structured and set out.

TAP and its shareholders are determined to reflect on and evolve TAP's governance structure to ensure it is best placed to deliver the project during the transition from project development phase to project build phase. This in practice means utilising the technical expertise and experience of our shareholders, something TAP has established through Technical Service Provider Agreements.

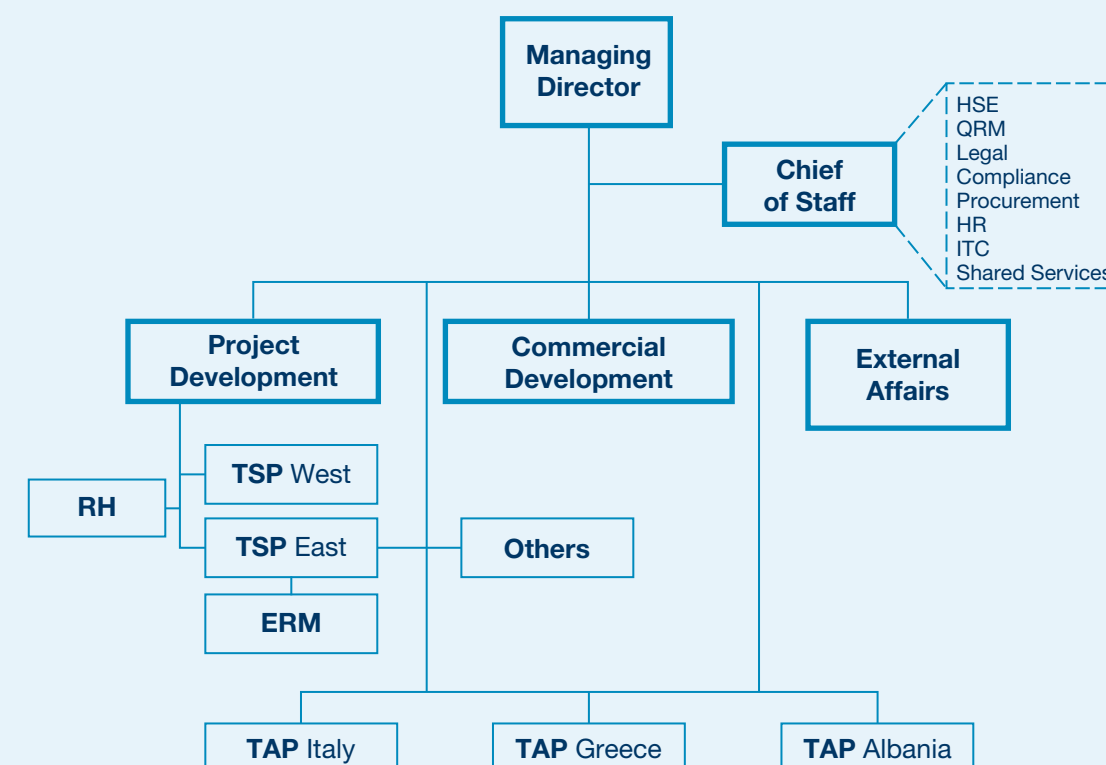
As a result, TAP benefits from the experience of Statoil for the offshore section and E.ON New Build & Technology for the onshore section of the project – both have a world-class track-record in pipeline development. Statoil and E.ON New Build and Technology have involved over 40 subcontractors and 200 engineers in concluding the Front End Engineering Design, and have conducted more than 150 technical field missions.

Overall, TAP's technical team has analysed in detail over 10,000 km of terrain, resulting in the identification of the most optimal pipeline route to transport Shah Deniz II gas to Europe.

In addition, TAP has developed a solid project execution plan which includes the following key areas to ensure quality in its project delivery:

- Organisation, management and control;
- Risk management;
- Project execution plan;
- Procurement strategy;
- HSE;
- Corporate Social Responsibility.

## TAP Organisation



# The financial strength to develop, build and operate the pipeline

Backed by a group of leading international companies, TAP is positioned to deliver commercially competitive gas without the need for subsidies or grants.

## TAP has the ability to cover development costs

TAP AG's current shareholders (Axpo, E.ON and Statoil) have a financially robust corporate profile and will continue their financing contribution for the development phase – they are fully capable of and committed to covering the development costs through equity.

In addition, BP, Total and SOCAR all have options to join the shareholding of TAP AG once TAP has been selected by the Shah Deniz Consortium, adding further solidity to TAP's financial capability. This would give the Shah Deniz Consortium members as potential investors a combined ownership of approximately 70% of the company, should they choose to exercise their options.

## Robust financing plan in place

The TAP project has been planned and developed with the aim of achieving project finance and has therefore performed all activities according to the high performance requirements outlined by EBRD. Société Générale has been appointed as TAP's Financial Advisor, and has subsequently

accompanied TAP to meetings that have taken place with several key lending institutions including the EBRD, EIB, Euler Hermes, Coface and SACE. The purpose of meeting these financial institutions has been to obtain their position on providing project financing for TAP. Consequently, TAP has received Letters of Intent from all these institutions confirming their positions of interest.

## Funding in place to ensure project deliverability

Under the agreed form of the Shareholders' Agreement, all parties are committed to providing funding even if it is not possible to raise third-party finance. Furthermore, the prospective TAP shareholders have agreed to fund the TAP project during the construction phase with a level of liquidity which – in the unlikely case of a major shareholder defaulting – ensures TAP could continue with construction whilst the default is addressed.

TAP has established these sound commercial solutions without relying on public grants or subsidies.



Axpo is a Swiss energy company with local roots and a European focus. Axpo is 100% owned by the cantons of Northeastern Switzerland.

Together with its partners, Axpo supplies electricity to around 3 million people. Axpo is active in the production, distribution and sale of electricity, as well as international energy trading. Axpo also offers innovative energy services to customers in Switzerland and Europe.

**For more information about Axpo visit [www.axpo.com](http://www.axpo.com)**



Statoil is an international energy company with operations in 34 countries. Building on more than 35 years of experience from oil and gas production on the Norwegian continental shelf, the company is committed to accommodating the world's energy needs in a responsible manner, applying technology and creating innovative business solutions. Statoil is headquartered in Norway with 20,000 employees worldwide.

The company is the world's largest operator of deepwater fields. It is the world's third largest net seller of crude oil and a major gas supplier.

The Norwegian state is the biggest shareholder in Statoil with an ownership of 67 per cent. Statoil is listed on Oslo Børs and New York Stock Exchange.

**For more information about Statoil visit [www.statoil.com](http://www.statoil.com)**



E.ON is one of the world's largest investor-owned power and gas companies. At facilities across Europe, Russia, and North America, our more than 72,000 employees generated approx. EUR132 billion in sales in 2012. In addition, there are businesses in Brazil and Turkey we manage jointly with partners. E.ON's diversified business consists of renewables, conventional and decentralised power generation, natural gas, energy trading, retail and distribution.

E.ON supplies around 26 million customers with energy. With its broad energy mix E.ON owns almost 68 GW generation capacity and it is one of the world's leading renewables companies. E.ON has an ambitious objective: to make energy cleaner and better wherever we operate.

With its strategy Cleaner & Better Energy the company is transforming E.ON into a global provider of specialised energy solutions which will benefit its employees, customers, and investors alike.

**For more information about E.ON visit [www.eon.com](http://www.eon.com)**



# The technical excellence to deliver

TAP’s shareholders have an unrivalled track record of designing, delivering and operating major engineering projects both onshore and offshore.

Integrated system

TAP offers a one-stop-shop solution from the Greece/Turkey border into the Italian energy network through a single integrated 867km pipeline system connected directly to TANAP. The scope for the initial phase is 10 bcm/a, including two sites for future installation of extra compression which would enable expansion of overall capacity to beyond 20 bcm/a.

Flexibility

TAP has been designed with flexibility in mind, ensuring other connections and off-takes are possible along the route. By connecting to TANAP and crossing Greece and Albania, TAP will be able to help transport gas supply to South East European countries including Bulgaria, Albania, Bosnia Herzegovina, Montenegro, Croatia and others. Furthermore, TAP’s shareholders have carried out feasibility studies to explore the potential of creating gas storage in Albania.

01 Market opportunities along the TAP route – Gas demand/ supply forecast in South Eastern Europe

02 Market opportunities along the TAP route – Potential interconnections in South Eastern Europe

| In BCM               | 2010   |        | 2030   |        |
|----------------------|--------|--------|--------|--------|
|                      | Demand | Supply | Demand | Supply |
| Albania              | 0.0    | 0.0    | 0.1    | 0.1    |
| Montenegro           | 0.0    | 0.0    | N/A    | N/A    |
| Croatia              | 2.9    | 3.1    | 3.2    | 3.2    |
| Bosnia & Herzegovina | 0.2    | 0.2    | 0.8    | 0.8    |
| Serbia               | 2.1    | 2.1    | 5.1    | 5.1    |
| FYROM                | 0.1    | 0.1    | 1.1    | 1.1    |
| Bulgaria             | 2.8    | 2.7    | 4.9    | 4.9    |

Source: TAP internal data

Note: World Bank estimates from a study performed in 2009 are much more optimistic: Albanian demand in 2025 = 1 BCM, Montenegrin demand in 2025 = 0.7 BCM, Croatian demand in 2025 = 4.2 BCM, Bosnian demand in 2025 = 1.4 BCM, Serbian demand in 2025 = 3.6 BCM, Macedonian demand in 2025 = 1.2 BCM and Bulgarian demand in 2025 = 6.3 BCM.

01

- Interconnection options with:
- 1. IGB: planned capacity up to 3 bcm/y (option for capacity increase to 5 bcm/y)
  - 2. DESFA transmission system: Reverse Flow capacity (BG→GR): up to 4.3 bcm/y
  - 3. IAP
  - 4. Western Balkan Ring (WBR)



IAP Pipeline throughput scenarios<sup>1</sup>:

- 1.0 bcm/y to Albania
- 0.5 bcm/y to Montenegro
- 1 bcm/y to Bosnia and Herzegovina
- 2.5 bcm/y to Northern Croatia (when IAP flow is South-North), or
- 0.2 bcm/y to Southern Croatia (when IAP flow is North-South)

<sup>1</sup>Preliminary Technical Study Report and Market Background Analysis for Feasibility Study and ESIA Ionian - Adriatic Pipeline (IAP) - COWI-ipf

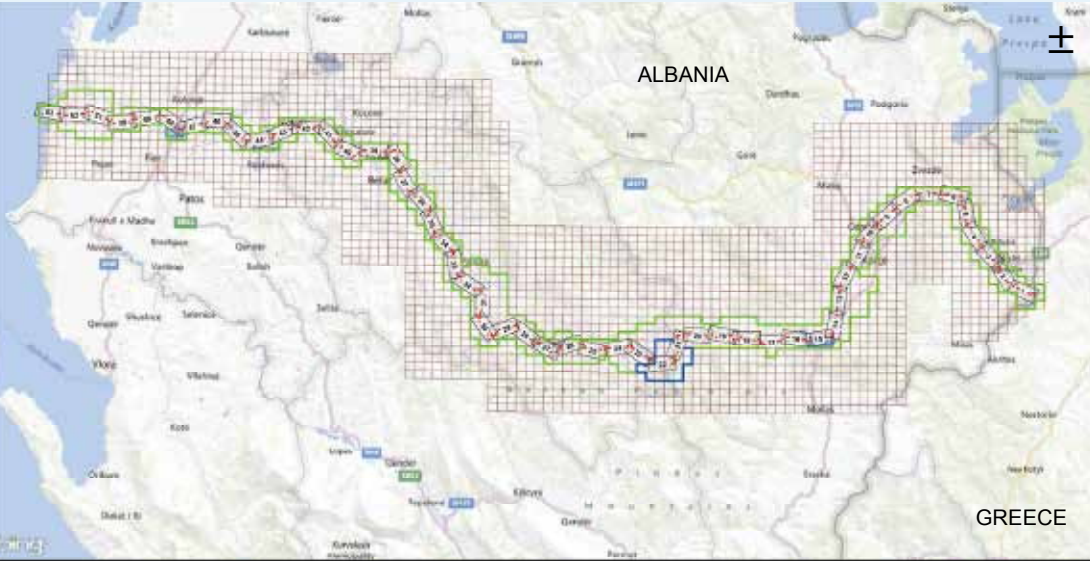
02

Mature engineering

TAP benefits from the experience of Statoil and E.ON New Build & Technology through Technical Service Provider Agreements. This has resulted in the completion of high quality FEED reports, a Level 4 scheduled plan of activities and a Class D cost estimate with a high degree of confidence and accuracy levels.

Advanced land easement and acquisition (LEA)

In addition, TAP has, in compliance with EBRD Performance Requirements, finalised the digitalisation of 18,052 plots in a route corridor of 400m (200m each side) in Albania and we are currently working on the digitalisation of 40,000 plots in Greece in the same corridor width. In Italy, the corridor is 200m (100m each side) and the number of plots is 262. The plots of the compressor stations and the block valve stations will be purchased. All other affected land users will be compensated on long-term easement and short-term compensation for temporary use of land needed only during construction.



Legend

TAP Route Corridor Centerline, Route-Status: 13.07.2012

Map Sheet, Scale 1:10000, Page-No.1-53

Project\_limit\_Cadaster

Project\_limit\_Cadaster\_Extension

Index Maps

Data on the maps 1:10000 acc. to FWEG database, Status: 2012-12-20

Source Reference Map: ESRI Base Map - Bing Maps (Coversheet)

ALUIGN-Orthophotos (Map 1:10000, Page-No. 1 - 53) and additional GeoEye Satellite Images (Map 1:10000, Page-No. 1, 3 and 4)

03

03 Cadastral zones crossed by TAP – 18,052 plots identified in Albania



# TAP is committed to alignment and transparency

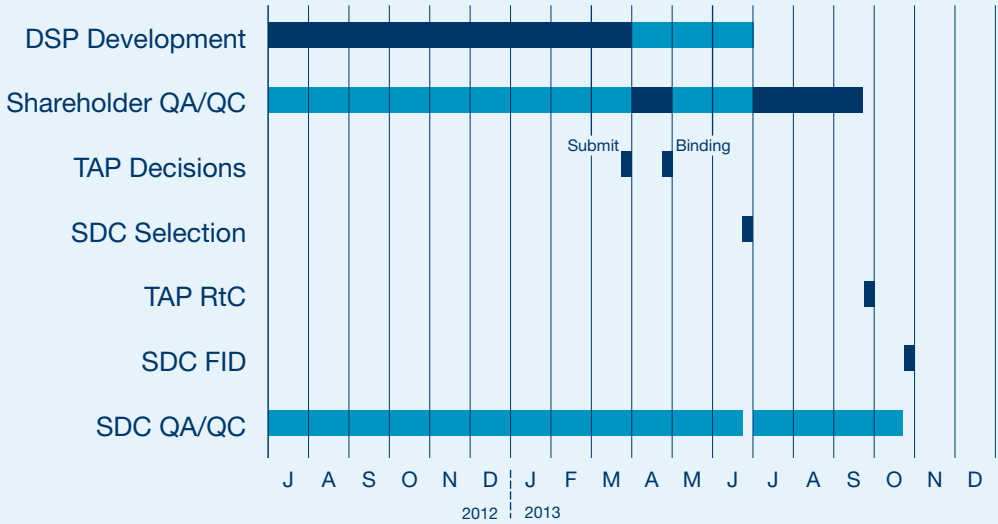
TAP is working with the Shah Deniz Consortium and its many stakeholders to ensure that it can deliver a project that is transparent, fair and meets the highest international standards.

TAP has established a strong collaborative relationship with the Shah Deniz Consortium and is working closely together on a day-to-day basis, demonstrating a commitment to the principle of cooperation and the open sharing of information. This has resulted in the signing of several collaborative agreements:

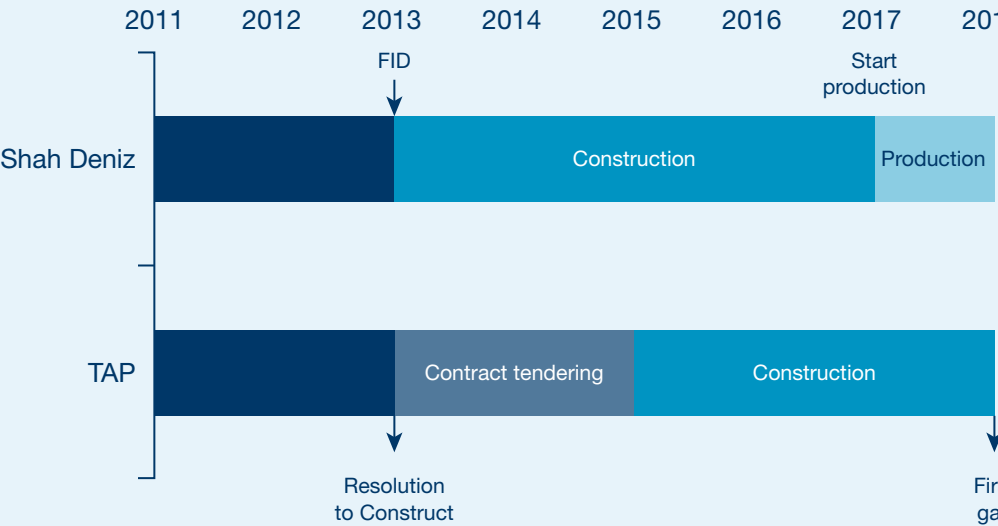
- The Cooperation Agreement between TAP and the Shah Deniz Consortium of 20th June 2012;
- The Funding Agreement combined with the Option Agreement between TAP, BP, SOCAR, Total, Axpo, E.ON and Statoil of 1st August 2012; and
- The Shareholders' Agreement – in November 2012, BP, SOCAR, Total, Axpo, E.ON and Statoil agreed and initialed a fully-termed Shareholders' Agreement which will come into force once BP, SOCAR and Total exercise their options.

These arrangements have resulted in monthly Technical Committee meetings between TAP and the Shah Deniz Consortium's Export Technical Team (ETT) under the Cooperation Agreement, and a monthly Funding Committee which was set up under the Funding Agreement.

In addition, numerous workshops and coordination meetings have been held including technical, risk and regulatory issues, host- and inter-governmental negotiations and updating on specific issues.



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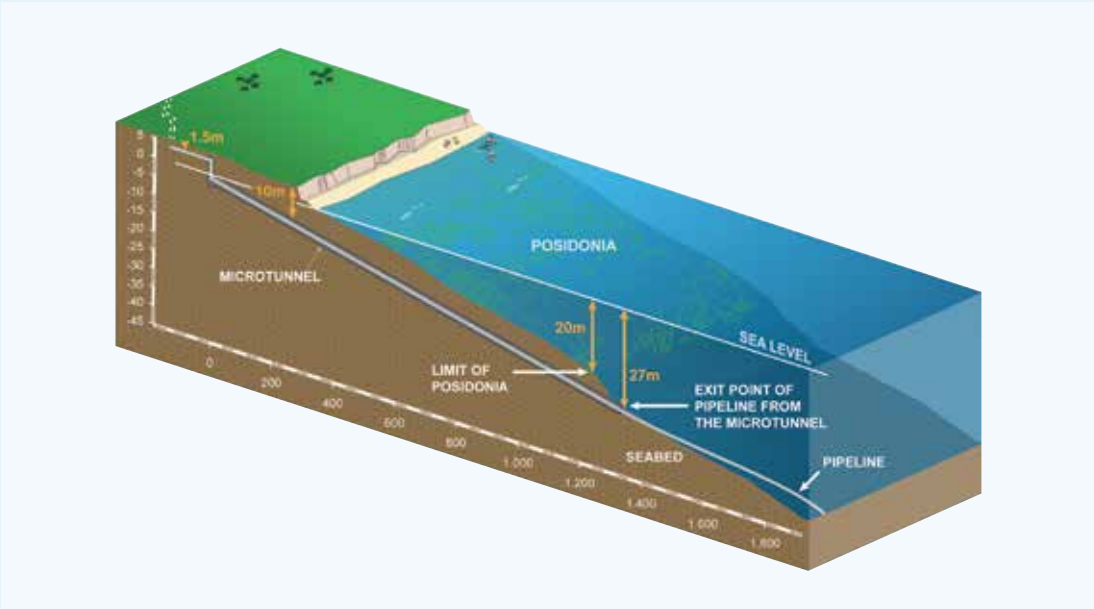


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In following through on TAP's commitments under the agreements mentioned above, TAP has consistently endeavoured to identify solutions for mutual benefit. This is demonstrated in particular by TAP's commitment to align with the timeline of Shah Deniz FFD (Full Field Development) by introducing the "Resolution to Construct" decision gate almost two years ahead of Final Contract Award. This demonstrates TAP's positive and constructive approach to aligning time schedules.

01  
TAP's decision making schedule

02  
TAP aligned with Shah Deniz



03

**Working with other key stakeholders**

Also key is TAP’s established cooperation with TANAP, DESFA, Snam Rete Gas, operators of planned pipeline systems in the Western Balkans and Bulgaria.

**Taking feedback from local stakeholders on board**

TAP strongly believes in communicating and engaging transparently with all stakeholders along the planned pipeline route. After receiving concerns on the landfall in Southern Italy, we have intensified our relationship-building activities with local stakeholders at the municipal, provincial and regional levels and have also amended the technical solution. As a consequence, we are seeing a positive shift in sentiment from the majority of these key stakeholders and a constructive dialogue has been established.



04



05

03

State-of-the-art technology will be used to construct a subsea and subland microtunnel to circumvent and avoid protected areas

04 / 05

Cliff erosion close to landfall in San Foca, Italy

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# TAP has ensured operability

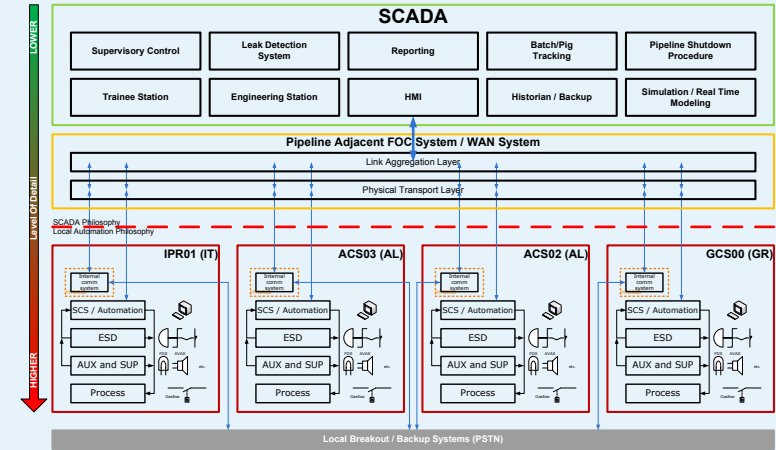
TAP is able to guarantee sound operability by utilising the expertise of its shareholders Axpo, E.ON and Statoil with their track record in managing physical and commercial operations safely, efficiently and reliably.

TAP’s ability to capitalise on its shareholders’ expertise in planning, executing and operating pipeline systems has been brought to bear in the project’s current plans and preparations for the future operation of the pipeline system. Their detailed implementation will also safeguard quality.

A specific Operation & Maintenance Plan has been developed and a Strategic Resource Plan is in place to ensure timely recruitment of resources.

The TAP operation and control system will be set up in a hierarchical way. For overall monitoring and control, a state-of-the-art control and communication system (including a SCADA system which will avoid the need for the permanent manning of remote stations) will be used.

In the operating phase, TAP will have management and commercial departments located at its current head office in Switzerland. Operations will be performed by the respective country operating departments.



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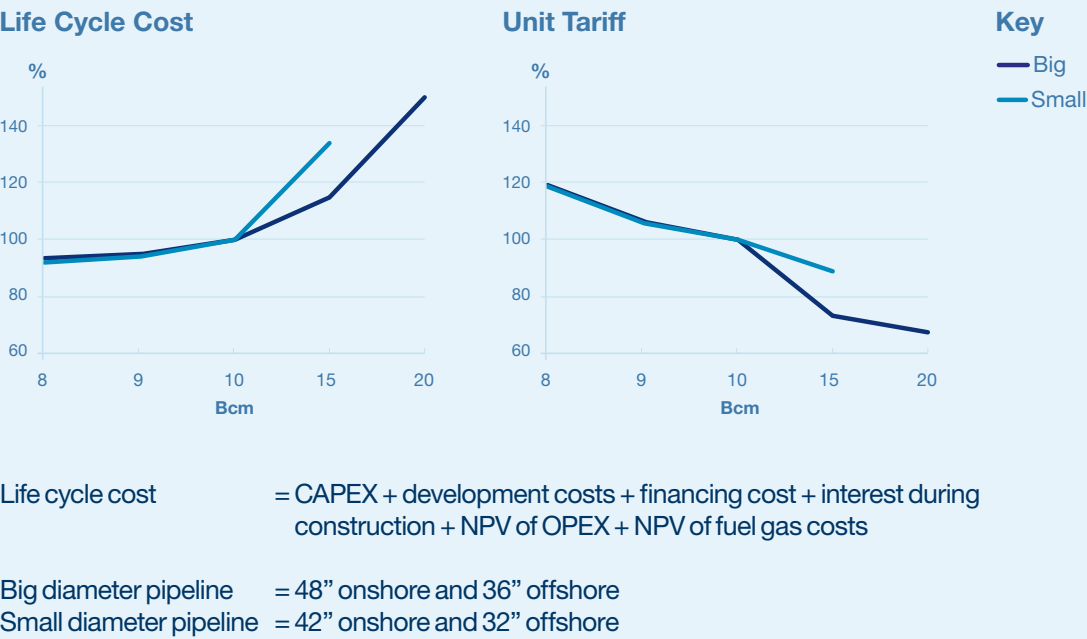
Hierarchical structure TAP SCADA system

01

# TAP is readily scalable to meet future demand

The design of TAP allows for supply to be quickly and easily scaled up to ship increased volumes – capacity can be expanded to more than double with minimal additional investment.

TAP’s design for the initial phase of 10 bcm/a includes two sites for the future installation of two extra compressor stations. This will enable easy expansion to more than 20 bcm/a, with the potential to decrease the tariff by approximately 40%.



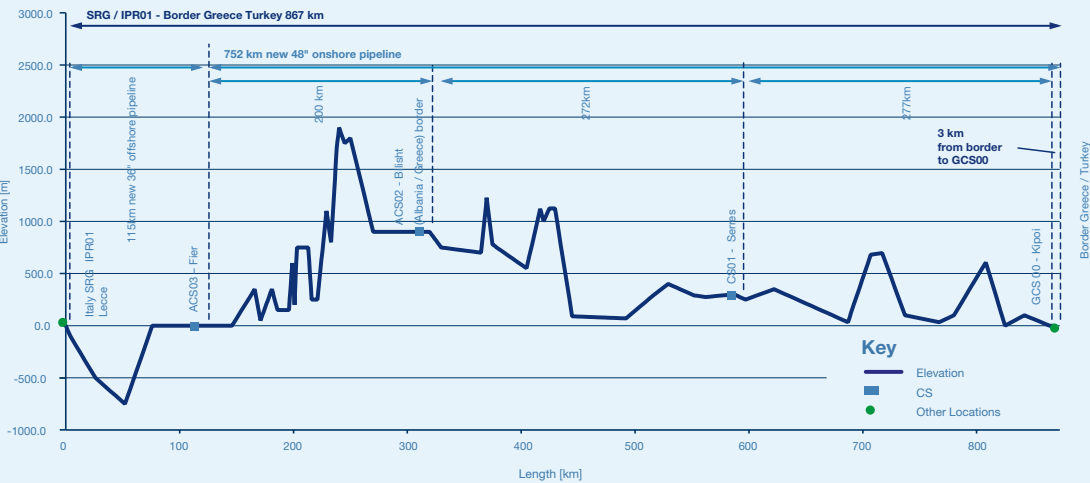
# 48 inches

TAP pipeline diameter onshore

# 36 inches

TAP pipeline diameter offshore

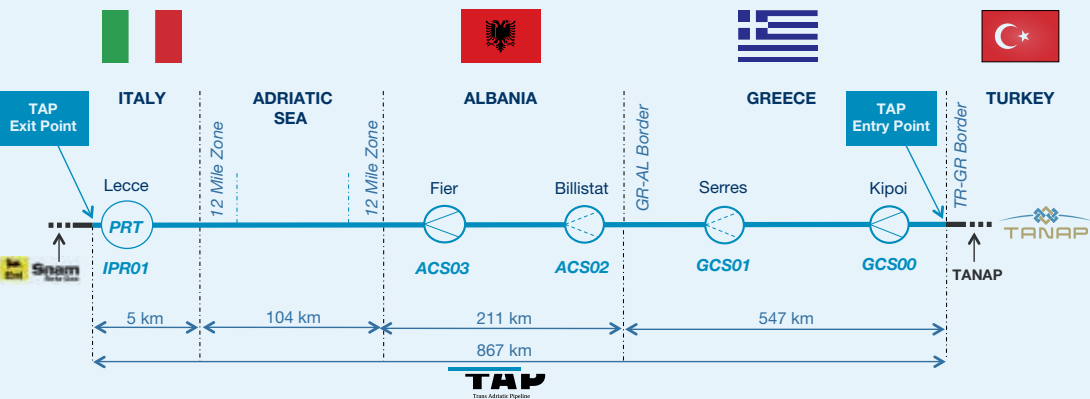
Pipeline Elevation Profile of TAP System



01

As the crossing of the Adriatic will not be deeper than 810 metres below sea level, TAP can ensure a large enough diameter to secure subsea transportation. With this choice of pipeline dimensions, all that is needed for a future expansion of capacity

is to add more compression. Two additional compressor stations can be installed later (one near Serres, Greece, and the other one near the Greek-Albanian border) to attain throughput of 20 bcm/a.



02

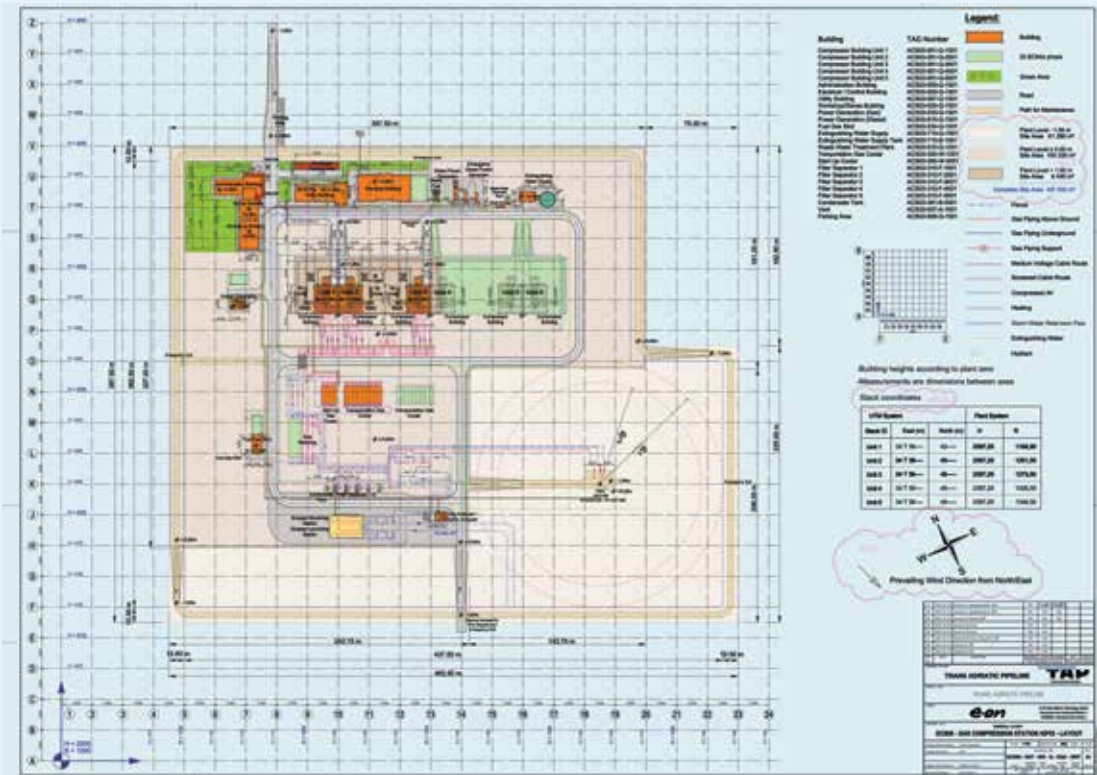
01  
TAP route profile

02  
Principle sketch  
pipeline sections



The Pipeline Receiving Terminal (PRT), a combined pressure reduction, metering and pigging station, will be located in the province of Lecce, Italy, with tie-in to the

Italian grid at the boundary of the terminal. The Central Control Centre for the entire TAP system will also be located at the PRT.



01



02

The dimensions of the PRT depicted here have been reduced in size to reflect stakeholder feedback.



03

01  
Drawing of a  
compressor station  
in Greece

02  
PRT 3D simulation

03  
3D simulation of a  
compressor station

# Delivering on public policy and regulations

TAP meets Azerbaijan’s strategic considerations and the European Commission’s stated objective of enhancing the supply diversity of European natural gas markets, ensuring sustained support from all stakeholders.

TAP’s host governments of Greece, Albania and Italy have made a clear long-term commitment in support of the TAP project through the Intergovernmental Agreement signed on 13th February 2013.

On 19th April 2013, the Governments of Greece, Albania and Italy convened their first meeting in Rome in light of the Intergovernmental Agreement on the construction of the TAP natural gas pipeline. At this first meeting, the parties agreed to establish an Intergovernmental Forum (IGF) in relation to TAP and agreed the main terms for this IGF. Further meetings may include other key governments and partners as observers, including Azerbaijan, Turkey, European Commission, United States, Germany, Switzerland, Bulgaria, United Kingdom and the Shah Deniz Consortium.

The establishment of regular meetings between the Governments of Greece, Albania and Italy on TAP demonstrates the political commitment to the project of all three host governments and underlines the strong support for TAP.

TAP provides Azerbaijan with direct access to Italy – one of Europe’s largest gas markets – with ample opportunities for the sale of gas to markets throughout North Western Europe. In addition, TAP offers connections to a variety of markets in South Eastern Europe and has built-in physical reverse flow that can be activated in case of an emergency situation. As a result, TAP is also a key enabler in realising the EU’s ambition to provide diversification and security of supply through a new supply route to Europe – the Southern Gas Corridor.

Bringing gas to Bulgaria and the markets in the Western Balkans

TAP has held a number of constructive meetings with key Bulgarian stakeholders to further discuss TAP’s capability in bringing gas to Bulgaria and to set the basis for cooperation post-selection.

TAP and the Ionian Adriatic Pipeline are supporting each other in the selection process for Projects of Energy Community Interest. The objective is to obtain priority for the respective projects and be best positioned to supply the Western Balkan markets.

The TAP routing therefore not only ensures supply to the most vulnerable energy markets in South Eastern Europe, but also the opportunity to reach major gas markets in Europe with new sources of gas.

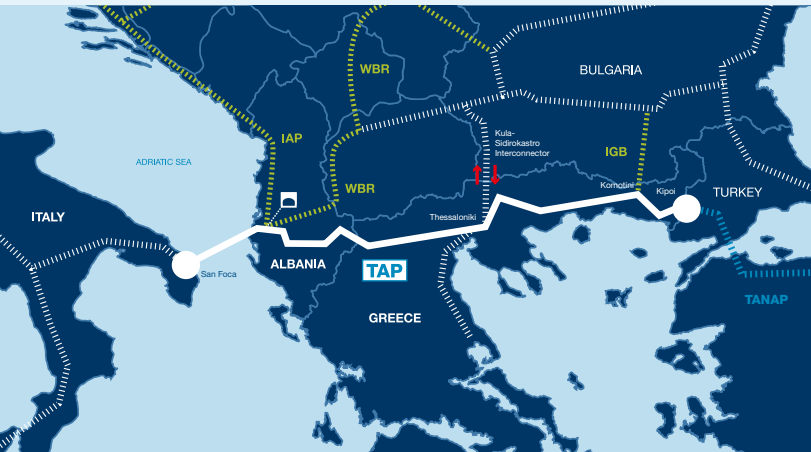
Consequently, the EU has declared its neutrality between TAP and rival projects since both contenders will fulfill these strategic ambitions. This is evidenced by statements made by the EU Commissioner for Energy, Günther Oettinger, on the occasion of the IGA signing on 13th February 2013: “This pipeline is instrumental to connect the gas markets of Italy and Greece and to bring gas to Albania and potentially to other of our Energy Community neighbours. It could be among the first components of the

Southern Gas Corridor which aims at linking directly the European Union with the rich gas sources in the Caspian Region.”

Similar statements of support and neutrality have also been made by the Governments of the UK, Germany and USA, and TAP has in addition been named by the EU as a Project of Common Interest.

Regulatory Requirements – Third Party Access Exemption

TAP has made strong progress on the Third Party Access exemption under the Third Energy Package. During March 2013, the three National Regulatory Authorities (NRAs) in Albania, Greece and Italy issued a Joint Opinion granting Third Party Access exemption for 10 bcm/a of initial capacity. The Joint Opinions of the relevant national authorities have subsequently been submitted to the European Commission for approval. Following their submission, TAP (including shareholders, and potential investors) has frequently met with the National Regulatory Authorities (NRAs), the Ministry of Economy in Italy, the Energy Community Secretariat and the EU Commission to support the decision of the NRAs and to stress the importance of a fast approval process. The final approval by the EU Commission is expected during May 2013.



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# In conclusion

TAP has clearly met all of the eight Selection Criteria set out by the Shah Deniz Consortium and has everything in place necessary to deliver all aspects of the project, including technical, commercial and political elements.

TAP is offering a fully complete commercial case that is founded on a technically advanced, cost-efficient and reliable pipeline that will be built and operated by shareholders leading the way in the energy infrastructure industry.

Having worked closely with the Shah Deniz Consortium throughout the proposal phase, TAP has all the key elements in place, making it fit for purpose and ready to deliver a project that meets all of the Shah Deniz Consortium’s criteria. TAP will therefore be ready for reliable and safe operations in time to receive the first gas from Shah Deniz phase II. Crucially, the TAP proposal also allows capacity to be scaled up significantly with only minimal additional investment, should additional demand dictate.

Underpinning the project is the financial stability of TAP’s shareholders. Its financial model is structured to deliver competitive commercial terms to the Shah Deniz Consortium. TAP offers value for the buyers, the host countries and the sellers.

At a strategic level, TAP will also make an important contribution to improved security of gas supply for the European Union – both to core markets and to South Eastern Europe countries. When additional volumes become available it can be a key catalyst for developing the gas markets in the Western Balkans.

TAP and its shareholders are looking forward to continuing to work with the Shah Deniz Consortium in the shared endeavour of bringing Azerbaijan gas to Europe.

**867** km  
the length of the route

**547** km  
across Greece

**211** km  
across Albania

**104** km  
under the Adriatic Sea

**5** km  
in Italy

**810** m  
below sea level – the deepest  
offshore section

**1800** m  
highest elevation point TAP will  
cross – in Albanian mountains

**48** inches  
(1200mm)  
diameter pipe onshore – designed  
for a gas pressure of 95 bar

**36** inches  
(914mm)  
diameter pipe offshore – designed  
for a gas pressure of 145 bar

**400,000**  
metric tonnes or 520 kilos per metre  
– the pipeline weight onshore

**70,000**  
metric tonnes or 673 kilos per metre  
– the pipeline weight offshore

**17.5–31** mm  
the thickness of the steel  
pipe walls onshore

**21–34** mm  
the thickness of the steel  
pipe walls offshore

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#### Connecting Caspian Gas to European markets

A summary of the Trans Adriatic Pipeline's Decision Support  
Package proposal to the Shah Deniz Consortium

#### Disclaimer

The facts and figures provided in this summary are subject  
to change as the pipeline project develops



