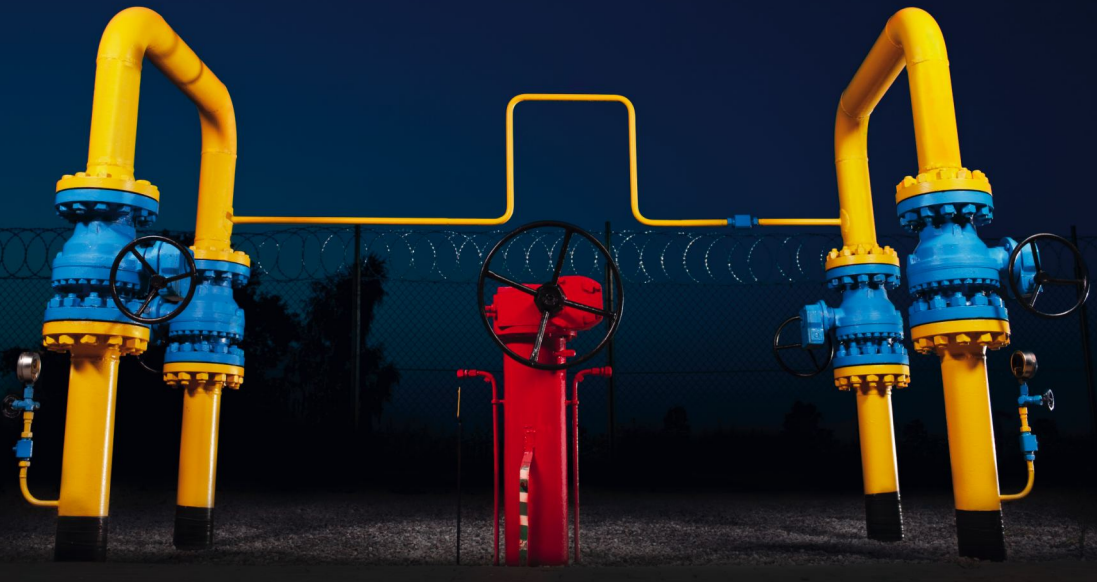


PROJECTS OF COMMON INTEREST IMPLEMENTED BY GAZ-SYSTEM S.A.

Driving the development of gas
transmission infrastructure



THE SYSTEM THAT CONNECTS

Who we are

GAZ-SYSTEM S.A. is a joint-stock company wholly owned by the State Treasury and that is of strategic importance for the Polish economy. Its key business is the transmission of natural gas over Poland's transmission network to distribution networks and end consumers connected to the transmission system. By expanding the natural gas transmission system, GAZ-SYSTEM S.A. strives to combine the expectations of our customers with the development of the company and the gas market in Poland.

Our Investments

As part of its currently implemented investment plan, GAZ-SYSTEM S.A. has undertaken to build over 1,000 km of new gas transmission pipelines by 2014. The long-term plan provides for the construction of further 1,000 km of gas pipelines by 2020. Key projects are currently underway in North-Western and Central Poland. The expansion of the gas pipeline network will enable natural gas supply from different directions and offer possibilities for connecting customers to the system while opening up new business opportunities for the company.

With the expansion of the transmission system, Poland's gas pipeline network will become an integral part of the European transmission infrastructure and will enable the implementation of international projects such as the North-South Gas Corridor. Investments in transmission networks also offer the opportunity for securing competitive gas prices, and in the future they will facilitate collection and transportation of gas from unconventional sources.

What does the PCI status mean for particular investments?

Granting the status of Project of Common Interest (PCI) means the projects with the PCI label can benefit from best practice for planning and permitting procedures under the Regulation (EU) 347/2013. Subject to meeting additional requirements, the project might also be eligible for the EU funding under the Connecting Europe Facility (CEF), which will apply under the European Union financial perspective 2014-2020.

Benefits from PCI Implementation

The implementation of Projects of Common Interest will bring about tangible benefits for transmission systems operating in the region, for the Polish economy, as well for the European energy security.

Economic Benefits

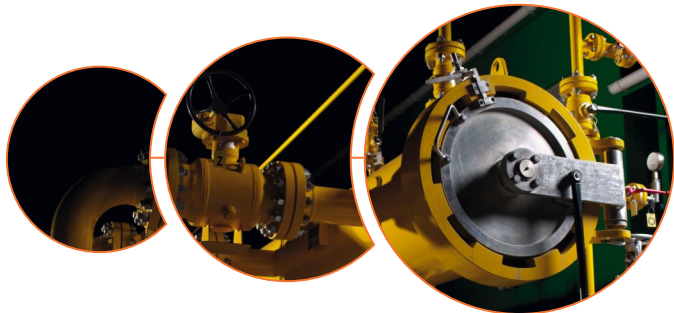
- the improved competitive position of the Polish, Baltic and Central European markets owing to the access to a diversified natural gas supply portfolio,
- the improved competitive position of Poland's southern regions thanks to the expansion of the transmission infrastructure enabling access to gas supply through distribution networks or directly from the transmission system,
- an additional source of revenue for the communes where the pipelines are to be located from a 2 percent property tax payable on the value of the pipeline section crossing their territory,
- the possibility of exporting gas from Poland based on the supply from the LNG Terminal in Świnoujście and, in the future, from unconventional gas production.

Technical Benefits

- the creation of a flexible transmission infrastructure connecting Western Europe, Central and Eastern Europe and the Baltic States,
- improved capabilities to meet the demand for gas from domestic consumers by gaining access to new routes and sources of gas supply.

Political Benefits

- the improvement of energy security in Poland, the Baltic region and Central and Eastern Europe,
- the elimination of the so-called "energy islands", i.e. areas dependent on gas supplies from only one direction (including the Baltic States),
- the improved diversification of natural gas supply directions in the Baltic region and Central and Eastern Europe.



Investment Projects

The list of Projects of Common Interest (PCI) published by the European Commission includes **six infrastructure investments of GAZ-SYSTEM S.A.** which are of particular importance to enhancing the security and diversification of natural gas supply in Europe, as well as the creation of an integrated and competitive market. The eligible projects include the following two regional gas initiatives:

BEMIP Action Plan (Baltic Energy Market Interconnections Plan)

1 Capacity extension of Świnoujście LNG Terminal in Poland

Location: The LNG Terminal is located in Świnoujście, within an area on the right bank of the Świna river designated for the development of port facilities.

Objective: enhance Poland's energy security by enabling natural gas supply by sea from any direction in the world; create additional opportunities for LNG applications in the Baltic region, e.g. in marine transport.

3 Upgrade of entry points Lwówek and Włocławek of Yamal-Europe pipeline in Poland

Location: The project concerns the entry points to the national transmission system from the Yamal-Europe pipeline, located in Włocławek and Lwówek.

Objective: develop flexible transmission infrastructure connecting Western Europe (Germany) with Central and Eastern Europe and the Baltic States; enhance the diversification and security of gas supply to Poland, Central and Eastern Europe and the Baltic States.

2 Poland-Denmark interconnection "Baltic Pipe"

Route: the Baltic Pipe interconnection consists of an offshore pipeline and an onshore Niechorze-Ploty section.

Objective: enable gas supply from the Norwegian Continental Shelf to Poland (assuming that the Norway-Denmark gas interconnection is developed); and establish reverse-flow capacity in order to allow gas supply from Poland to Denmark and Sweden.

4 PCI Poland-Lithuania interconnection "GIPL"

Route: Rembelszczyzna (PL) - Jauniunai (LT)

Objective: integrate the European gas system and develop a liberalised gas market in North-Eastern Europe; eliminate the so-called "energy islands", i.e. areas relying on gas supply from a single direction (Baltic States).

The North-South Gas Interconnections in Central-Eastern Europe and South-Eastern Europe

5 Czech-Polish interconnection upgrade (Stork II) and related internal reinforcements in Western Poland

Route: Gas pipelines: Lwówek-Odolanów; Czeszów-Wierzchowice; Czeszów-Kietczów; Zdzeszowice-Wrocław, Zdzeszowice-Kędzierzyn, Toróg-Tworzeń; Toróg-Kędzierzyn; Pogórska Wola-Tworzeń; Strachocina-Pogórska Wola; Upgrade of the Odolanów compressor station and the Poland-Czech Republic Interconnection together with supporting infrastructure.

Objective: increase transmission capacity between Poland and the Czech Republic through the modernisation and construction of transmission systems on both sides of the border, enable gas transmission into Poland and create the capabilities for reverse-flow transmission, i.e. from Poland to the Czech Republic.

6 Poland-Slovakia interconnection and related internal reinforcements in Eastern Poland

Route: upgrade of the Rembelszczyzna compressor station; Gas pipelines: Rembelszczyzna-Wola Karczewska; Wola Karczewska-Wronów; Rozwadów-Końskowola-Wronów; Jarosław-Rozwadów; Hermanowice-Jarosław; Hermanowice-Strachocina; Wronów point and Poland-Slovakia interconnection together with supporting infrastructure.

Objective: secure gas supply in emergency situations and in the context of shrinking capabilities for supply from Ukraine, bring gas supply to the South-Eastern part of Poland to leverage its well-developed transmission system and storage facilities.

Map of PCIs



**PL-CZ
Interconnection**

**PL-SK
Interconnection**

YAMAL GAS PIPELINE	
INVESTMENT PROJECTS UNTIL 2014	
INVESTMENT PROJECTS UNTIL 2020	
HIGH-METHANE GAS PIPELINES	
LOW-METHANE GAS PIPELINES	
Capacity extension of Świnoujście LNG Terminal in Poland	
Poland-Denmark interconnection "Baltic Pipe"	
Upgrade of entry points Lwówek and Włocławek of Yamal-Europe pipeline in Poland	
PCI Poland-Lithuania interconnection "GIPL"	
Czech-Polish interconnection upgrade (Stork II) and related internal reinforcements in Western Poland	
Poland-Slovakia interconnection and related internal reinforcements in Eastern Poland	

Source: archive of GAZ-SYSTEM S.A.
Gas pipelines on the map
are shown schematically.
Detailed map of the transmission system
is available at www.gaz-system.pl

The Permitting Process for PCIs

In Poland, the process of obtaining permits for investments aimed at expanding the gas transmission infrastructure is currently based on generally applicable domestic regulations or the Act of 24 April 2009 on investment projects associated with the development of an LNG regasification Terminal in Świnoujście.

Regulation (EU) No 347/2013 of the European Parliament and of the Council on guidelines for trans-European energy infrastructure has introduced an additional permitting regime, which provides for a single authority to coordinate permit issuance, which will significantly shorten the time required for project preparation.

Security of Investment Activity

The supervision of newly built pipelines by GAZ-SYSTEM S.A. is regulated in set of procedures and instructions describing in detail the methods of performing operational and investment activities (Transmission Network Operation System). The company requires its building contractors and supervisors to strictly comply with regulations on health and safety, quality assurance, environmental protection, control/testing and the implementation plan. It should also be noted that the materials used for pipeline construction hold appropriate quality certificates and approvals, are subject to appropriate testing and acceptance procedures, and each person involved in the execution of the work has adequate qualifications attested by relevant documents.

Additional Information

For more information, please visit the following websites:

Gas Transmission Operator GAZ-SYSTEM S.A.

<http://en.gaz-system.pl/wsparcie-z-ue/projekty-o-statusie-pci-pci-project-of-common-interest/>

Ministry of Economy:

<http://www.mg.gov.pl/node/18422>

European Commission:

http://ec.europa.eu/energy/infrastructure/pci/pci_en.html

Feedback on Projects of Common Interest

GAZ-SYSTEM S.A. is committed to respect the rights of all interested stakeholders in the process of implementing its investment projects. Please use the form below to submit any feedback or comments, or to ask questions about the projects which have been granted the status of a Project of Common Interest.

Name and surname

Organisation

Address

E-mail

Phone number

Preferred language

Polish English

Preferred form of response

By e-mail By post

Please enter your questions concerning all aspects of PCI implementation:

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Please post the completed form to:

GAZ-SYSTEM S.A.
ul. Mszczonowska 4
02-337 Warszawa
fax: +48 22 220 16 06
e-mail: pr@gaz-system.pl



