



**company
profile**

the system that connects





the system that connects

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Company Profile

Gas Transmission Operator GAZ-SYSTEM S.A. is an enterprise responsible for the transmission of natural gas and the management of transmission network on the territory of Poland.



GAZ-SYSTEM S.A. was awarded the status of a company of key strategic importance to the Polish economy and national energy security.

The objective of GAZ-SYSTEM S.A. activity as the national gas transmission system operator is to provide gas transportation services via the pipeline network in Poland.

Corporate Mission

We develop the natural gas transportation system, combining the expectations of our customers with the growth of the company and gas market in Poland.

GAZ-SYSTEM – the system that connects.



Corporate Vision

The long-term goal of the company's operations is to reach the position of one of the best performing suppliers of transmission services in Europe by:

- ensuring safety in the operation of the national transmission system, also as an element of the European gas pipeline network,
- ensuring long-term growth of the company's goodwill to its owner,
- implementing best practices and standards in the company in order to offer optimum deals to customers,
- managing the company in line with the Responsible Business Principles,

- maintaining stable, positive relations with investors.

Responsibilities of the company include, inter alia:

- managing network traffic in a coordinated and effective manner while maintaining the required reliability of the gaseous fuel supply and their quality,
- ensuring non-discriminatory access to the transmission network to gas market participants,
- operation, repairs and expansion of transmission network installations with due environmental awareness,
- providing every transmission, storage, distribution and LNG system operator with sufficient information to guarantee that transportation and storage of natural gas is conducted in the manner proper for secure and effective operation of the combined systems,
- provision of information required to obtain efficient access to the network to transmission system users.

GAZ-SYSTEM S.A. is the owner of the Special Purpose Vehicle Polskie LNG Sp. z o.o., which was established to build and operate a Liquefied Natural Gas (LNG) terminal in Świnoujście. LNG terminal will enable diversification of the destinations of natural gas deliveries, which entails improvement of Poland's energy security. GAZ-SYSTEM S.A. supervises the LNG terminal building process.



GAZ-SYSTEM S.A. employs almost 2000 people.

Corporate Governance of the company is exercised by the State Treasury which owns 100% shares in the company.

GAZ-SYSTEM S.A. holds a license for transmission and distribution of natural gas until 2014.

Share capital of the company is PLN 3,019,393,716.

Transmission System

Gas Transmission Operator GAZ-SYSTEM S.A operates over 9.7 thousand kilometers of the transmission gas pipeline network.

14.5 bcm of natural gas was transported via this network in the financial year 2008/2009 (including transmission to underground gas storage facilities and transmission of nitrogen rich natural gas (L) calculated into high-methane gas (E)). Transmission system facilities include 14 compressor stations, 56 interconnection points and 974 exit points.

Supervision of the transmission system at GAZ-SYSTEM S.A. is exercised by the National Gas Dispatching Division and Gas Dispatching Units in the Branches. Owing to constant monitoring of the system operation as well as professionalism and commitment of our specialists, transmission of gaseous fuel on the territory of Poland occurs on a continuous basis, ensuring secure natural gas deliveries to all consumers.

In order to maintain the highest quality standards of the services provided and to ensure safe operation of the facilities and high-pressure gas pipelines GAZ-SYSTEM S.A. developed a Transmission Network Code (TNC). The document sets forth rules of rendering and use of gas transmission services, embracing all legal and technical requirements included in the underlying regulations and provisions applicable to transmission of gaseous fuel.

GAZ-SYSTEM S.A. ensures secure transmission of natural gas inter alia owing to the use of the best inspection methods of the transmission network and top parameters of the gas transmitted. A state-of-the art SCADA IT system was implemented in the company for traffic management in the transmission network. This new solution includes, among other features, simulation software used for analyses of the monitoring of the system facilities. These analyses are used in the decision-making process for gas flow management in the national transmission system.



Investment Projects

Investment projects completed by Gas Transmission Operator GAZ-SYSTEM S.A. are conducted based on the „GAZ-SYSTEM S.A. Investment Plan” that embraces the company’s expansion strategy and is consistent with the national energy policy.

When planning investment tasks related to the expansion and modernization of the transmission system GAZ-SYSTEM S.A. was guided by the criteria of strategic investment, diversification of gas supply sources, expansion of the gas market, security of gas supply and elimination of „bottlenecks” in the transmission system.

The company plans to build approx. 1,000 km of new gas pipelines by 2014. Capital expenditure allocated to the expansion of the transmission system in Poland is in excess of PLN 5 billion.

Owing to strategic investments (including projects seeking co-funding by the European Union), GAZ-SYSTEM S.A. ensures the continuity of the transmission service while maintaining the required level of safety and reliability.

With a view to strategic projects aimed at expansion and the modernization of the transmission system, the company has planned and is involved in strategic investment designed specifically to increase the volume of transmitted gas and the diversification of its supply. Expansion of the transmission network will enable the connection of new customers to the network and will allow off-taking and transportation of gaseous fuel from the LNG Terminal. These investment efforts will also provide conditions for new industrial projects driven based on use of natural gas.

Strategic Investment in Poland







LNG Terminal

GAZ-SYSTEM S.A. is the owner of Polskie LNG sp. z o.o. (Polskie LNG), a special purpose vehicle established with a view to construction and operation of a liquefied natural gas terminal (LNG).

On 19th August 2008 the Council of Ministers adopted a resolution where construction of the LNG Terminal was recognised to be a key strategic investment for the interest of our country, consistent with the plans for diversification of sources and natural gas supply routes and ensuring Poland's energy security.

Responsibilities of Polskie LNG include development of technical and economic documentation, obtaining relevant administrative approvals and permits for the project, selection of the general contractor for construction of the terminal in Świnoujście as well as monitoring and coordination of all activities related to the project. Development of the LNG Terminal Project is overseen by GAZ-SYSTEM S.A.

The LNG Terminal intended for off-take of the liquefied gas will be located in Świnoujście. It will be built on the right bank of the Świna river, in the area long intended for the development of the port. In order to address the needs of the project, pipelines to offtake liquefied gas from ships, LNG tanks and regasification installations will be built.

The whole project will be completed with respect for the natural environment.

The LNG Terminal will allow offtake of up to 5 bcm of natural gas annually. It will be possible to increase offtake capacity even to 7.5 bcm without any need to enlarge the area where the terminal will be erected. Project plans assume that two tanks with the capacity of 160 thousand m³ will be built on the premises of the LNG Terminal.



For more information please see LNG Terminal website:
www.polskieng.pl

Customer Relations

The core service provided by GAZ-SYSTEM S.A. is transmission of gaseous fuel, including services on an interruptible basis, from the points of entry selected by a shipper to the selected exit points, based on a concluded transmission contract. The company also offers connection to the network and as part of additional services – gas odorification.

In the financial year 2008/2009 Gas Transmission Operator GAZ-SYSTEM S.A. rendered gas transmission services on the basis of two transmission contracts concluded with PGNiG SA and one transmission contract with HANDEN Sp. z o.o. Under the above mentioned agreements GAZ-SYSTEM S.A. also provided gas transmission services on an interruptible basis to nine customers.

Provision of gas transmission services on an interruptible basis enables optimal technical utilisation of the available transmission network capacity. Owing to this solution, GAZ-SYSTEM S.A. offers the service to new customers in these areas of the network, where the service provision on a continuous basis is not possible,

while the existing customers may increase the level of their orders for power and of off-take of gaseous fuel.

At the same time, in order to address the expectations of customers who were applying for connection to transmission network and to pursue the company quality policy, the connection application procedures were shortened as compared to the timeframes set forth by the legal regulations. In GAZ-SYSTEM S.A. the average time used to determine the conditions for connection to the transmission network is 50 calendar days, which means the shortening of the official timeframe by 15% for end consumers and by 45% for other power companies applying for connection to the transmission network.

Contacts with customers to whom the service of connection to the transmission network is provided were improved owing to the introduction of account managers. They are responsible for inter alia conclusion of connection agreement, maintaining day-to-day contacts with the customer, providing all necessary information, facilitating and coordinating meetings during the whole connection process as well as informing about changes in legal regulations and about the status of execution of the connection agreement. The company has also introduced a new service

option – a new channel for communication with its customers
– an on-line Consultant, available on the company website
www.gaz-system.pl

In 2008 in order to be compliant with the provisions of the Energy Law (art. 9c point 5.), stipulating that a transmission system operator is responsible for cooperation with other gas system operators, and to ensure reliable and effective operation of gas systems as well as the co-ordination of their development, GAZ-SYSTEM S.A. entered into cooperation agreements with six distribution system operators i.e. Dolnośląska Spółka Gazownictwa Sp. z o.o., Górnośląska Spółka Gazownictwa Sp. z o.o., Karpacka Spółka Gazownictwa Sp. z o.o., Mazowiecka Spółka Gazownictwa Sp. z o.o., Pomorska Spółka Gazownictwa Sp. z o.o. and Wielkopolska Spółka Gazownictwa Sp. z o.o.



GAZ-SYSTEM S.A. in the International Arena

The Representative Office of the Gas Transmission Operator GAZ-SYSTEM S.A. in Brussels launched its activity in May 2008.

Permanent presence of the company in Brussels ensures effective representation of GAZ-SYSTEM S.A. interests on the EU institutional forum and day-by-day monitoring of gas-related events in the European Union as well as legislative processes affecting the energy sector.

The Representative Office closely follows the activities related to the energy issues of the European Commission, the European Parliament and other bodies based in Brussels communicating the GAZ-SYSTEM S.A. point of view.

Additionally, exchange of experience among gas transmission system operators from EU member states during various meetings provides GAZ-SYSTEM S.A. with valuable insight on operating

activity with respect to investment projects and use of modern technologies.

GAZ-SYSTEM S.A. representatives are actively involved in the activities of the European Commission and the European Parliament e.g. the elaboration of the Baltic Energy Market Interconnection Plan (BEMIP), supporting the Polish delegation to the Gas Coordination Group. They also contribute to the development of projects in working groups centered around international industry organizations such as Gas Transmission Europe (GTE), GERG – European Gas Research Group or International Gas Union (IGU).

Furthermore, representatives of GAZ-SYSTEM S.A. participate in the activities of working groups set up on an ad-hoc basis within GIE and GTE. In 2009 it is Security of Supply Task Force, a group working on the development of a recommendation to serve the purposes of the amendment of the Directive on the Security of Gas Supply prepared by the European Commission and Reverse Flow Task Force, which developed a proposal on necessary infrastructure developments enabling reverse gas flows contrary to normal conditions in case of interruptions in gas deliveries.

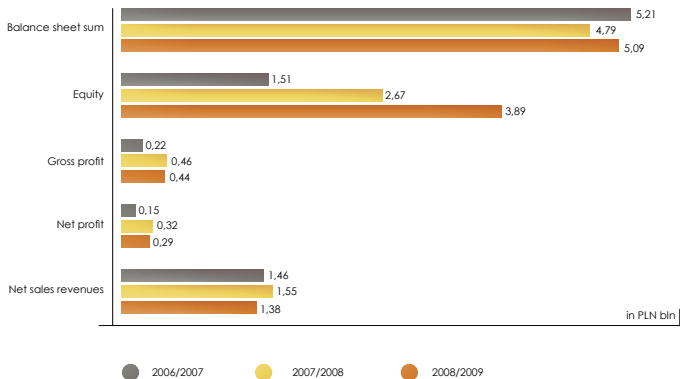
Representative Office in Brussels monitors and analyses information concerning Community financial support schemes in the area of development of gas transmission infrastructure like: Regional and Structural Funds, Trans European Energy Networks (TENE), European Energy Plan for Recovery (EEPR).

GAZ-SYSTEM S.A. has been actively involved in the creation process of the GTE+ Transparency Platform – a solution integrated with an interactive map of the European transmission system available since January 2008. The objective of GTE+ Transparency Platform is to improve the information flow by the provision of data significant for the transparency of the European Energy Trade market by Transmission System Operators. The system facilitates searching and transfer of information about possible gas transmission routes between two points in the European gas transmission system selected by the user. Additionally, it enables users to find information about a point selected in this network.

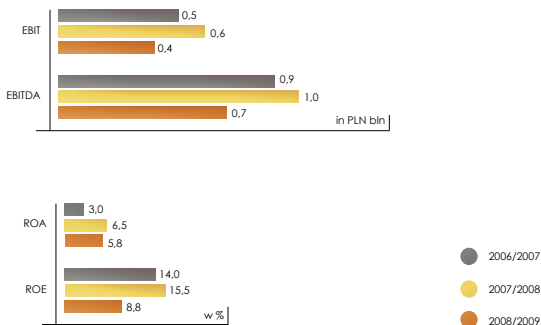
GAZ-SYSTEM S.A. participates in the activities of the International Gas Union (IGU) and is involved in research concerning the sustainable development as well as identification of methods and best practices of reducing the impact of TSO activity on the environment.

Financial Information

Comparison of key financial data



Key Financial Ratios



On 1st June 2009 GAZ-SYSTEM S.A. introduced „The Tariff for Gas Transmission Services no 3” approved by the President of the Energy Regulatory Office on 7th May 2009.

For more information please visit our website:

www.gaz-system.pl/taryfa

Reliable Partner

GAZ-SYSTEM S.A. is a company providing high standard transmission services, embracing modern management methods based on best business management solutions. The activity of GAS-SYSTEM S.A. aimed at the operation and modernization of the transmission system and the conducted projects are carried out with regard to security standards and environmental awareness.

The company meets the requirements of the following norms:

PN-EN ISO 14001-2005 „Environmental Management Systems. Application Requirements and Guidelines”.

PN-N-18001:2004 „Occupational Health and Safety Management Systems. Requirements”.

PN-EN ISO 9001-2001 „Quality Management Systems. Requirements”.

GAZ-SYSTEM S.A.

Among Top Performers

Thanks to the appraisal of its employees, GAZ-SYSTEM S.A. was qualified for the top league of the Best Employers of 2009 rating. Out of 126 companies taking part in the ranking organised by Hewitt Associates, the international consultancy firm in collaboration with



GazetaPraca.pl, the Company was ranked 8th in the category "Large corporations" and 25th in the general ranking.

In the same year the company received the Mazovian Quality Award winning in the category of business organizations.

This award is conferred on firms and organizations which apply the idea of Total Quality Management

in practice. GAZ-SYSTEM S.A. was appreciated for maintaining adequate relations between productivity, competitiveness and quality of the services offered, and for the responsible attitude to environmental and HSE issues. GAZ-SYSTEM S.A. successfully passed a number of assessment process stages where a positive rating was given in such fields of the company's activity as strategy, HR management, customer satisfaction and Public Relations.

In 2008, owing to the total score attained by the company, calculated according to the economic criteria established by the Institute of Economic Sciences of the Polish Academy of Sciences, GAZ-SYSTEM S.A. was ranked 2nd in the prestigious ranking of „Pearls of Polish Economy” in the infrastructure category.

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