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- [What is the business area of GAZ-SYSTEM S.A.?](#)

Gas Transmission Operator GAZ-SYSTEM S.A. is responsible for the transportation of natural gas and the operation of the transmission network in Poland. The importance of the company's mission places it among the group of strategic enterprises for the Polish economy and the energy security of the country.

GAZ-SYSTEM S.A. is a joint-stock company, 100% of shares of which are held by the State Treasury.

The company is aware of the role it plays for Poland's economy and energy security and assumes responsibility as a key player in the gas market.

In recent years, GAZ-SYSTEM S.A. has been pursuing an ambitious investment plan involving the expansion of the transmission network in Poland, as well as the construction of the LNG terminal – the first one in the country and in this part of Europe.

- [Why is it necessary to expand the domestic transmission system?](#)

In 2009–2015, GAZ-SYSTEM S.A. completed an investment plan consisting in construction of over 1 200 km of new gas transmission lines. The most important of them are located in north-western and central Poland. The company is planning to build over 2 000 km of new gas lines in 2015–2025.

Further expansion of the domestic transmission system, including construction of new gas pipelines being part of the North-South Gas Corridor, as well as construction of interconnections with Lithuania, Slovakia and the Czech Republic, will contribute considerably to the development of the European transmission system.

The projects implemented by GAZ-SYSTEM S.A. and the virtual reversal on the Yamal pipeline have enabled Poland's energy security to improve significantly by increasing the technical import opportunities to 90% of imports on routes other than from the East (in 2011 it was 9%).

- [What strategic projects is the company implementing now?](#)

GAZ-SYSTEM S.A. is planning to build **over 2 000 km of new gas lines** in 2015–2025. New infrastructural projects pursued by GAZ-SYSTEM S.A. within the domestic transmission system will be implemented in the western, southern and eastern part of Poland.

These include high pressure gas pipelines on the following routes: Lwówek-Odolanów, Czeszów-Kielczów, Czeszów-Wierzchowice, Zdżieszowice-Wrocław, Hermanowice-Strachocina, Strachocina-Pogórska Wola, Pogórska Wola-Tworze , Tworze -Tworóg, Tworóg-K dierzyn Ko le, Rembelszczyzna-Mory-Wola Karczewska.

Further expansion of the domestic transmission system is also related to construction of interconnections with Lithuania, Slovakia and the Czech Republic.

In 2009-2015, GAZ-SYSTEM S.A. completed an investment plan consisting in construction of over 1 200 km of new gas transmission lines. The most important of them are located in north-western and central Poland.

- [What are the legal bases of strategic investments?](#)

High-pressure gas pipelines: Szczecin-Lwówek, winouj cie-Szczecin, Szczecin-Gda sk, Gustorzyn-Odolanów, Rembelszczyzna-Gustorzyn and Polkowice- ary sections are being built based on the Act of 24 April 2009 on the investments in the liquefied natural gas regasification Terminal in winouj cie. This Act is colloquially referred to as the Special Act for gas projects.

Other investments are being implemented by GAZ-SYSTEM S.A. based, in particular, on provisions of the Building Law and the Act on real estate management.

- [What are the EU programmes providing support by co-financing strategic investments?](#)

GAZ-SYSTEM S.A. is the beneficiary in the following EU programmes:

1. Operational Programme Infrastructure and Environment for the years 2007-2013 (OPI&E);
2. European Energy Programme for Recovery (EEPR, so-called Recovery Plan);
3. Trans-European Networks – Energy Programme (TEN-E).

Total co-financing obtained until now by the Company from EU funds exceeds PLN 1.5 billion.

More information on co-financing from EU funds for investments of GAZ-SYSTEM S.A. is available at: <http://www.gaz-system.pl/wsparcie-z-ue/>

- [What are the benefits to be gained by communities through which gas-pipelines are routed?](#)

Communities, where gas-pipelines are located, would obtain additional financial inflows in form of 2% tax paid on an annual basis by GAZ-SYSTEM S.A. on the value of the investment located on the territory of the community.

This amount will be a regular contribution to the community budget that can be spent on the needs of residents and local communities.

The development of the national transmission network also supports the development of the region and local communities residing in the region.

- [Where can I find more detailed information on investments?](#)

Full information on major investments implemented by GAZ-SYSTEM S.A. can be found on the <http://www.gaz-system.pl/nasze-inwestycje/> website.

- [How long will the construction of strategic gas pipelines take?](#)

It could be estimated that building a 100 km section of gas pipelines takes approximately 2 years. However, it has been around 4-5 years since the moment (of a decision-taking about an investment) the first tender procedures for designing the gas pipeline are announced until the date the installation is fully launched.

- [What are the stages in the gas pipeline construction process?](#)

The key stages in the high-pressure gas pipeline process are as follows:

1. Designing the route of a gas pipeline, drafting the design documentation for a particular gas pipeline, including drawing up a preliminary, building and detailed design. Obtaining administrative, environmental and location decisions as well as building permits.
2. Purchasing pipes and fittings by the investor within, so called, investor deliveries.
3. Recruiting contractors for construction and assembly works, and building supervisors for certain sections of the gas pipeline through public tenders.
4. Preparing the route of a gas pipeline to conduct construction works - geodetic staking out of an axis and assembly area.
5. Cutting off trees and bushes that interfere with an investment, and getting rid of the humus layer off the building area.
6. Laying pipes along the gas pipeline route.
7. Welding pipes and digging up the trench.
8. Aligning the gas pipeline down in the trench, sheltering it partially and restoring drainage systems.
9. Terminating construction works on the gas pipeline and marking the route of a gas pipeline.
10. Reinstating the building site.
11. Providing tests, acceptance procedures and start-up of particular sections of the gas pipeline.
12. Receiving administrative approvals regarding occupancy permits and commissioning the gas pipeline.

- [Who is the contractor of the gas pipelines?](#)

Construction and assembly works related to each gas pipeline section are carried out by companies selected in public tenders.

	Contractor in charge of construction works
Pipeline Lwówek-Odolanów Section I	Consortium of companies: PORR Polska Infrastruktura S.A. and O.T. Industries-KVV Contractor CO. LTD.
Pipeline Lwówek-Odolanów Section II	Consortium of companies: JT S.A. and IMP PROMONT d.o.o.
Pipeline Czeszów – Wierzchowice	PGNiG Technologie S.A.
Pipeline Czeszów – Kiełczów	Consortium of companies: Budimex S.A. and Mostostal Kraków S.A. (Contractor), represented by Budimex S.A.
Pipeline Polkowice – ary Section Polkowice – Gaworzycze	TESGAS
Pipeline Polkowice – ary Section Gaworzycze – ary	JT S.A.
Hermanowice-Strachocina	PGNiG Technologie S.A.

- [What is the assembly zone?](#)

This is a strip of land used when constructing the gas pipeline.

The width of the strip occupied during the period of the gas pipeline construction is determined on an individual basis for each investment.

- [What will be the limited ownership zone \(controlled zone\) for the particular gas pipelines after the construction is completed?](#)

The width of the limited ownership zone, also referred to as the controlled zone, is determined for each newly constructed gas pipeline separately. In accordance with binding regulations (that came into force in 2001), the width of the zone is 12 meter maximum – 6 meters on each side of the gas pipeline axis (for high-pressure gas pipeline with the nominal pipe diameter above 500 mm).

It should be emphasised that in the majority of cases routes of new gas pipelines will run along existing gas pipelines, within their protection zone, which is much wider for gas pipelines constructed before 2001.

Consequently, in the majority of cases, investments implemented usually do not generate additional legal limitations to landowners.

- [What does humus removal involve?](#)

In order to start the construction of a gas pipeline, it is necessary to remove the humus layer from the surface of the site, which means removing/protecting the upper soil layer (organic matter) at the construction site.

The soil layer removed is stored separately at the site and then used for the purposes of land reclamation.

- [How deep will the gas pipeline be laid](#)

High-pressure gas pipelines will be laid at the depth of 1.2 meter minimum, calculated from the top of the pipe to the ground level.

Obstacles hindering laying the gas pipeline in the trench (e.g. rivers, roads, railway lines) will be crossed using trenchless methods (pipe jacking, directional drilling).

- [What will the site look after completing the construction?](#)

Any contractor carrying out construction works for a gas pipeline is obliged to restore the original condition of a plot of land, i.e. to tidy up the site.

Potential changes of the status might arise from environmental decisions or provisions of the Building Law. It should be emphasised that in each case, the site tidying up will be analysed on an individual basis, with due care.

- [Will the construction of the gas pipeline impact local drainage and irrigation systems and local roads?](#)

Large and complex investments, such as gas pipeline construction, carried out on the territory of the whole country, might result in damage to local drainage and irrigation systems or local roads. Any damage to drainage and irrigation systems will be rectified by the particular contractor, who will restore their original condition.

The contractor in charge of construction works grants GAZ-SYSTEM S.A. the guarantee of correct operation of the drainage and irrigation system in accordance with generally binding rules.

If the landowner identifies indications of incorrect operation of the drainage and irrigation system during or after the gas pipeline construction, he should immediately notify GAZ-SYSTEM S.A. thereof. Immediate notification would allow avoiding more serious damage and losses. In the case of incurring justified losses, the owner/perpetual usufructuary of land will receive damages.

- [Is it allowed to plant trees in the gas pipeline protection zone?](#)

In accordance with binding regulations, no trees or bushes should be planted, no buildings should be erected, no permanent storages or warehouses should be arranged and no activities that might pose a risk to stability of the gas pipeline during its operation should be carried out within the gas pipeline controlled zones. Trees growing within the gas pipeline protection zone might have a significant impact on the gas pipeline safety.

However, GAZ-SYSTEM S.A. as the investor, limits the unconditional prohibition on planting trees to the 4 meter wide operating zone, set additionally. Taking into account gas supply safety, owners of land should not plant any trees or bushes within 2 meters from the gas pipeline axis. Such distances should be kept at the right and at the left side of the gas pipeline.

- [When can the owner start cultivating the field crossed by the gas pipeline route?](#)

Any contractor carrying out construction works for a gas pipeline is obliged to restore the original condition of all real estates, i.e. to tidy up the site.

After completing works at the particular site, the Contractor draws up the final work protocol for the investor, i.e. GAZ-SYSTEM S.A. The protocol will describe type of damage on the particular site and will be submitted to the competent Voivode, in order to initiate and carry out the administrative proceedings to determine the compensation.

Real estates are going to be returned successively, after completing works related to particular sections of gas pipelines. Each case is going to be examined on an individual basis.

- [Are any compensations anticipated for owners of real estates crossed by the gas pipeline route?](#)

Yes, the owners will receive compensations for the gas pipeline crossing their land. Two types of legal compensations are envisaged: 1. for limitation of the current real estate usage; 2. for expropriation and in relation to expropriation;

and in the case of physical damage (crop losses, etc.).

In accordance with the Act of 24 April 2009 on the investments in the liquefied natural gas regasification Terminal in winouj cie, GAZ-SYSTEM S.A., which forms the basis for most strategic investments of GAZ-SYSTEM S.A., the competent authority to grant compensation is the Voivode. The competent Voivode institutes the proceedings for the compensation ex officio.

- [What is the method of estimating the compensations?](#)

The decision on granting the compensation and on the amount of the compensation for limiting the ownership right due to establishing the gas pipeline controlled zone, using the real estate during the period of construction, and for agricultural and other damage during the gas pipeline construction will be issued by the responsible Voivode in form of the administrative decision, based on value assessment reports drawn up by authorised property assessment experts. The investor will also provide the responsible Voivode with opening and final protocols, including the description of real estate and damage type for the particular plot of land. In the case of compensations for expropriations and in relation to expropriation, the amount of the compensation and its payment will be agreed in writing between the competent Voivode and the person entitled to receive the compensation.

- [When will the compensations be paid?](#)

The proceedings for compensation in the case of compensation for limiting the real estate usage will be instituted ex officio upon completing the construction of the particular gas pipeline.

Decisions on awarding the compensation will be issued by the competent Voivode, based on the value assessment prepared by the property assessment expert.

The Voivode will notify the owner/perpetual usufructuary of the plot of land of instituting the administrative proceedings aimed at determining the compensation amount, and the owner/perpetual usufructuary will have an opportunity to examine the documentation of the case.

The decision on the compensation can be appealed against to the Minister of Transport, Construction and Maritime Economy within 14 days from the date of submitting the decision to the party.

The payment will be made based on the final decision of the competent Voivode, within 14 days of the date on which this decision becomes final and binding. Payment of compensations for expropriations and in relation to expropriation will be agreed in writing between the competent Voivode and the person entitled to receive the compensation. If no agreement is reached within 2 months of the date on which the decision on location of the particular gas pipeline becomes final and binding, the compensation amount will be set by the Voivode in the decision.

- [Where can I find the information on compensations for construction?](#)

The information on the procedure for awarding compensations in relation to the construction of gas pipelines and contact details of representative of responsible voivodship offices and employees of the Investors, who can explain any matters related to compensations, are available at

<http://en.gaz-system.pl/nasze-inwestycje/krajowy-system-przesylowy/>, under investment tabs:

1. [Rembelszczyszczyna-Gustorzyn gas pipeline](#)
2. [Szczecin-Lwówek gas pipeline](#)
3. [winouj cie - Szczecin gas pipeline](#)
4. [Szczecin - Gdańsk gas pipeline](#)
5. [Gustorzyn - Odolanów gas pipeline](#)

Additionally, leaflets and information materials pertaining to investments, their stages, the investor, the procedure for granting compensation and compensation payment will be available at community offices along gas pipeline routes, until completion of these investments. Additionally, leaflets and information materials pertaining to investments, their stages, the investor, the procedure for granting compensation and compensation payment will be available at community offices along gas pipeline routes, until completion of these investments. In many communities, community office employees are able to provide necessary information.

- [What about EU direct payments at areas where gas pipelines are to be constructed?](#)

Compensations are going to take into account the issue of lost benefits in the case of the landowners receiving direct payments or payments for the implementation of agricultural and environmental programmes.

- [Where and when should the landowner report the area of the plot/plots of land withdrawn from agricultural or forestry use?](#)

The obligation of the owner of land subject to payments is to notify the Agency for Restructuring and Modernisation of Agriculture within 10 days of the date of starting construction works at the area.

The notification should include the information on withdrawing the relevant area from agricultural use, as determined in the decision on the investment location. The information on the area of land withdrawn from agricultural use during the construction period can be obtained from the responsible community office or the investor.

- [What is the difference between the fee for transmission easement and the compensation for damage?](#)

In the case of investments carried out based on the Act of 24 April 2009 on the investments in the liquefied natural gas regasification Terminal in winouj cie, the legislator referred to the compensation as the compensatory payment. The amount of the compensation is directly based on the value of damage assessed by the authorised property assessment expert, and is set in the administrative decision. The compensation is not subject to taxation. Landowners, who suffered damage and received the decision on the compensation amount, can appeal against the decision to the 2nd instance authority, i.e. the minister in charge of construction, and then to file a complaint to the competent court.

**The fee for transmission easement** is not a compensation; it is determined by negotiations between the parties, in accordance with provisions of Article 305[1] et seq. The fee constitutes an income and is subject to personal income tax or corporate income tax and VAT.

The legislator has not provided for the payment of the fee for investments completed based on the Act of 24 April 2009 on the investments in the liquefied natural gas regasification Terminal in winouj cie.

- [Could trees be planted within the gas pipeline protection zone?](#)

Pursuant to the regulations applicable within the controllable zones of pipelines, it is not allowed to plant trees and bushes, build facilities, establish

permanent depots and warehouses, and no activities, that would expose the pipeline to loss of its durability when in use, could be performed. Unfortunately, trees growing in the gas pipeline protection zones may considerably affect safety of the structures.

*In accordance with § 10.4 of the Ordinance of the Ministry of Economy on technical conditions, that gas networks and their locations ought to fulfill of April 26, 2013: "Trees situated in controllable zones must not be located within the distance that is less than 2.0 m off the gas pipelines with the diameter of up to DN 300 (inclusive) and 3.0 m off the gas pipelines with the diameter exceeding DN 300, counting from the gas pipeline axis to the tree trunks. All works performed within the controllable zones could be done solely against the previous arrangements on the methods made with a relevant gas network operator". Simultaneously, pursuant to § 20.1: "In terms of the gas pipeline laid in the tree thinning in the woods, a land strip including neither trees nor bushes, with the width of minimum 2.0 m on each side of the pipeline axis, counting from the gas pipeline axis to the tree trunks or bushes, shall be established".*

The company

## **Questions? Contact us**

Corporate and Marketing Communication Division  
phone (+ 48 22) 220 11 18  
e-mail: [kontakt@gaz-system.pl](mailto:kontakt@gaz-system.pl)

Press Spokesperson  
Iwona Dominiak  
mobile phone + 48 502 200 081  
e-mail: [rzecznik@gaz-system.pl](mailto:rzecznik@gaz-system.pl)