Ukrainian GTS as a Tool for LNG Market Expansion

Nataliia Kuzmenko
Head of Business Development Unit
LLC Gas TSO of Ukraine

10.06.2024

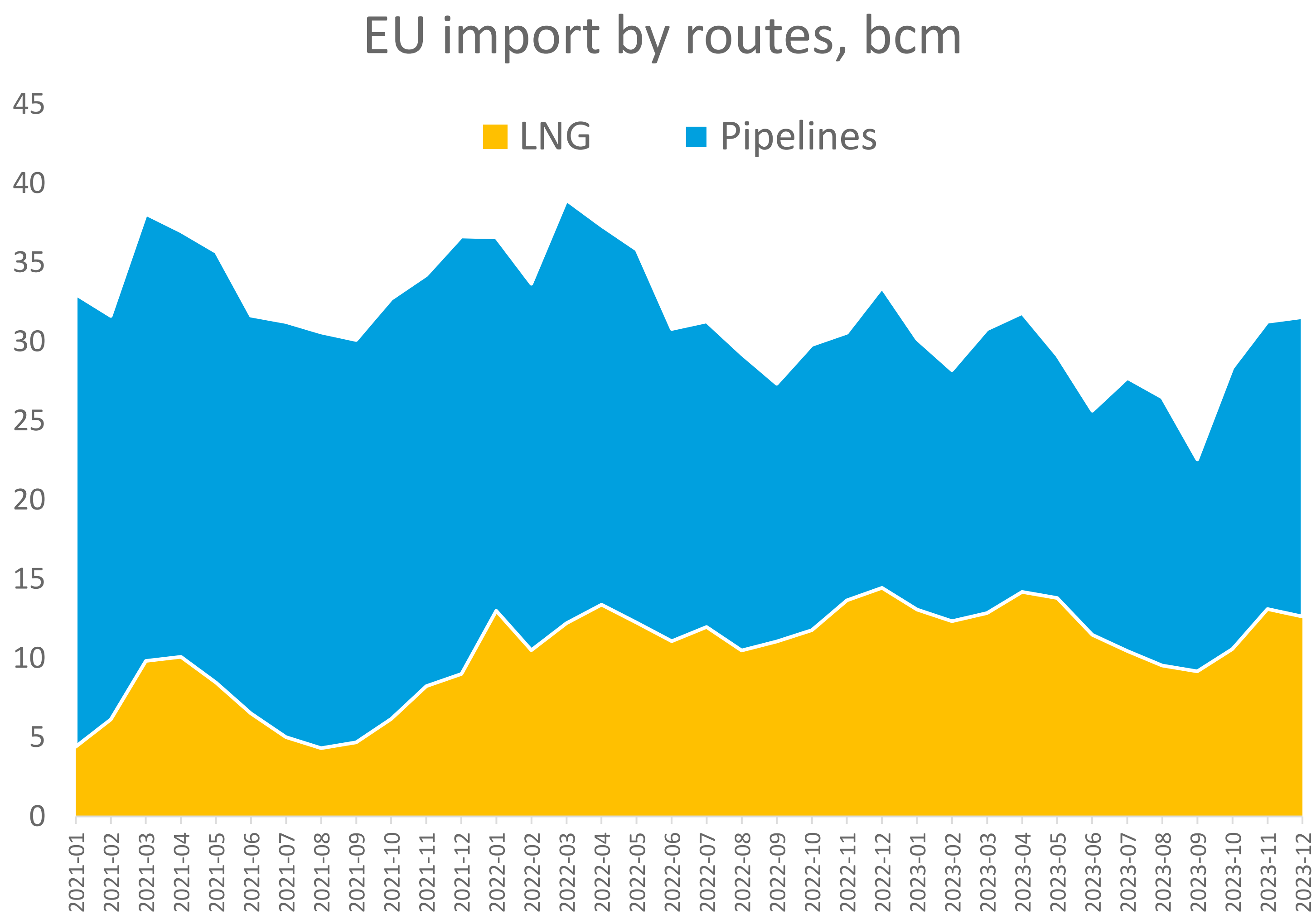
LNG is displacing pipeline gas

21%

Share of LNG in European imports in 2021

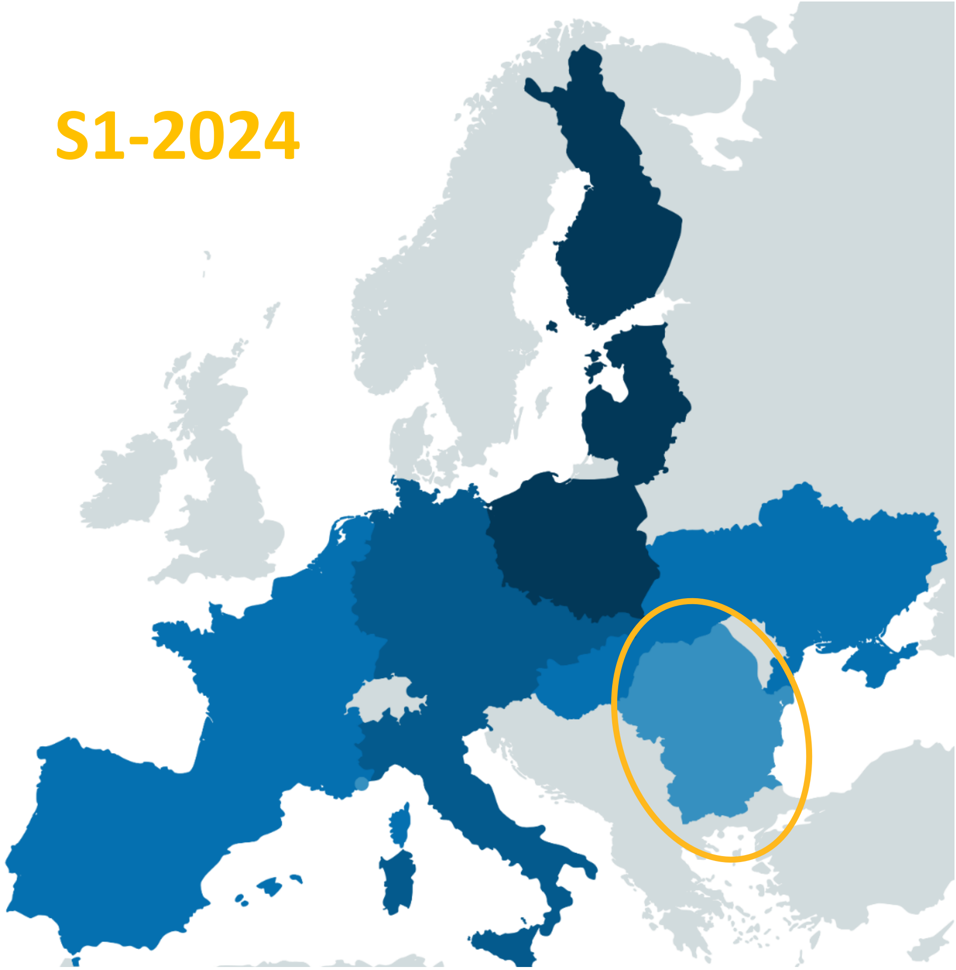
42%

Share in 2023



Source: Bruegel

Price difference between Western European hubs and Balkans in 2024



Source: Argus, local exchanges

Index to TTF: 89-97 | 97-101 | 101-108 | 108-155

Weak interconnectivity between Western European hubs and Balkans impedes LNG from reaching where it might be mostly needed, which leads to significant price discrepancy between regions

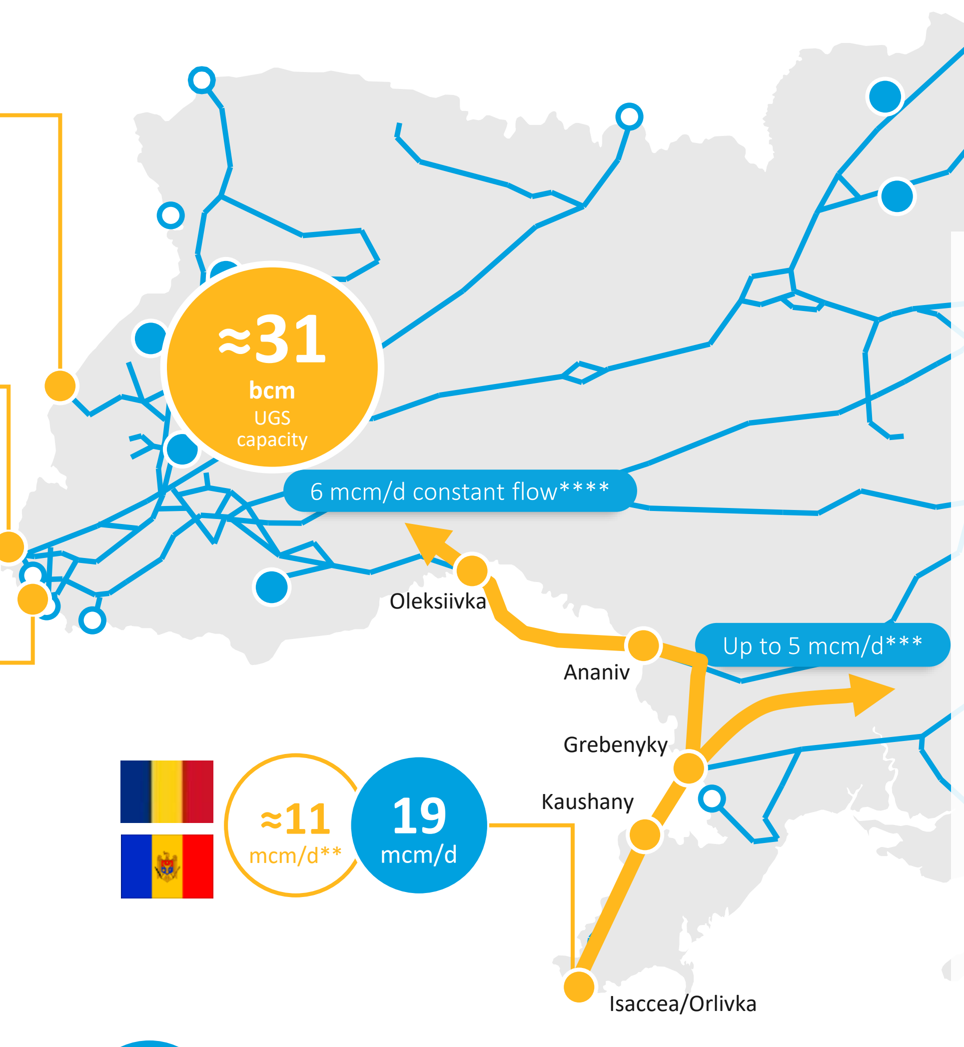
Transportation capacity of the Ukrainian GTS

6,4 mcm/d* | **13** mcm/d — VIP GAZ-SYSTEM/ UA TSO

27 mcm/d | **155** mcm/d | **15** mcm/d — Velke Kapusany/ Budince

8 mcm/d | **49** mcm/d — VIP Bereg

≈11 mcm/d** | **19** mcm/d



UA storage facilities

Entry points and exit points

- Firm capacities on EU-UA IPs are **unconditional** and not dependent on availability of flows through any other IPs
- **No physical limitations** to reexport of gas injected into storages back to the EU and MD
- Largest UGS in Europe

41,4 mcm/d — Firm import capacity to Ukraine

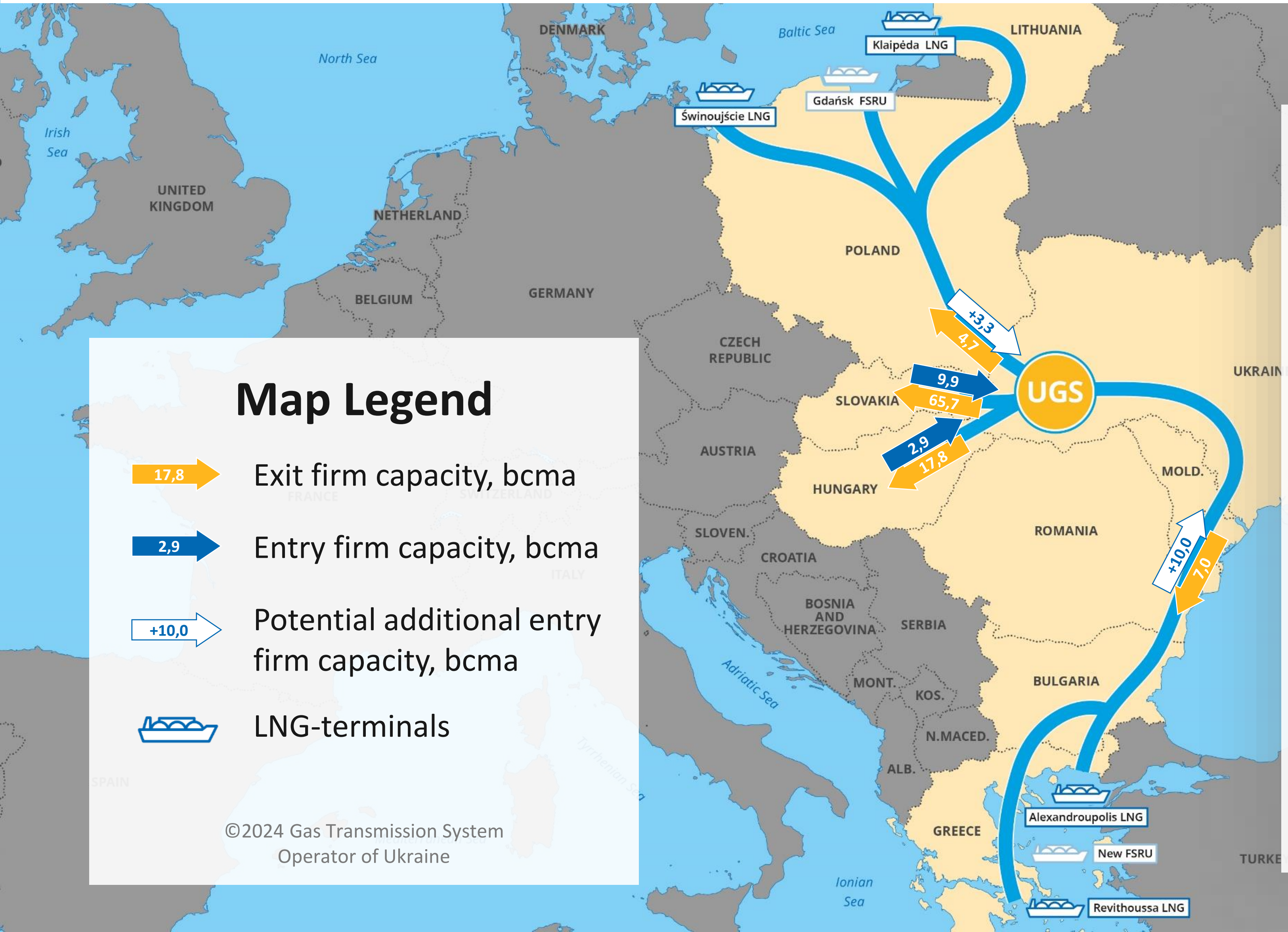
26 mcm/d — Interruptible import capacity to Ukraine

200+ mcm/d — Firm Export capacity from Ukraine

* Firm on daily basis and interruptible on monthly and quarterly basis
** Use of the Trans-Balkan route requires booking the capacity of MD GTS
*** 5 mcm/d of interruptible capacity in summer period is available as virtual reverse
**** 6 mcm/day of additional interruptible capacity can be offered in summer period under the constant flow condition

Ukrainian GTS can improve markets interconnectivity and strengthen security of supply in Europe

UA TRANSMISSION SYSTEM OPERATOR



South → North

Estimated **surplus** of natural gas in South-Eastern Europe (**up to 10 bcma** by the end of this decade) could be transported to Central-Eastern Europe through Ukrainian GTS

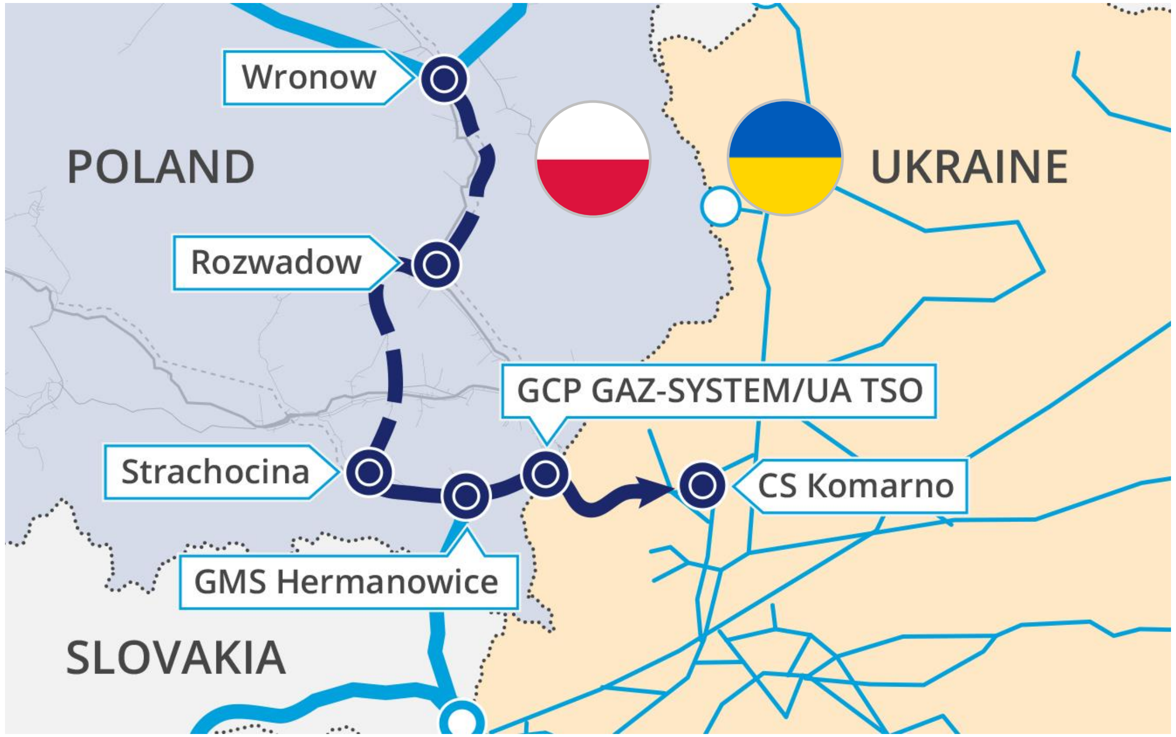
North → South

Meanwhile, existing capacity of Ukrainian GTS (**more than 10 bcma**) can be used to transport gas from Central Europe (including Norwegian gas, LNG etc.) to South-Eastern Europe in case of need

Long-term capacities from Poland to Ukraine open new route from EU to Ukrainian UGS

GTSOU invites to participate in the auction for the allocation of incremental capacities, which will take place on July 1, 2024

details



Planned capacity:
9 mcm/day (3,2 bcm/year)

To be done

GTSOU: Reconstruction of CS Komarno

GAZ-SYSTEM: Construction of 247 km new DN 1000 gas pipelines and GMS in Hermanowice

373 mln EUR — Investments in PL part
f-factor = 0.47

82 mln EUR — Investments in UA part
f-factor = 0

Trans-Balkan route (Vertical corridor) unlocks additional supply sources for CE countries

UA TRANSMISSION SYSTEM OPERATOR

70 mln EUR investments in UA part

f-factor = 1

Planned capacity:
15,5 mcm/day*(5,5 bcm/year)

To be done

Reverse piping system of Orlivka CS, upgrade Pivdennobuzka CS with 4 units

Partners

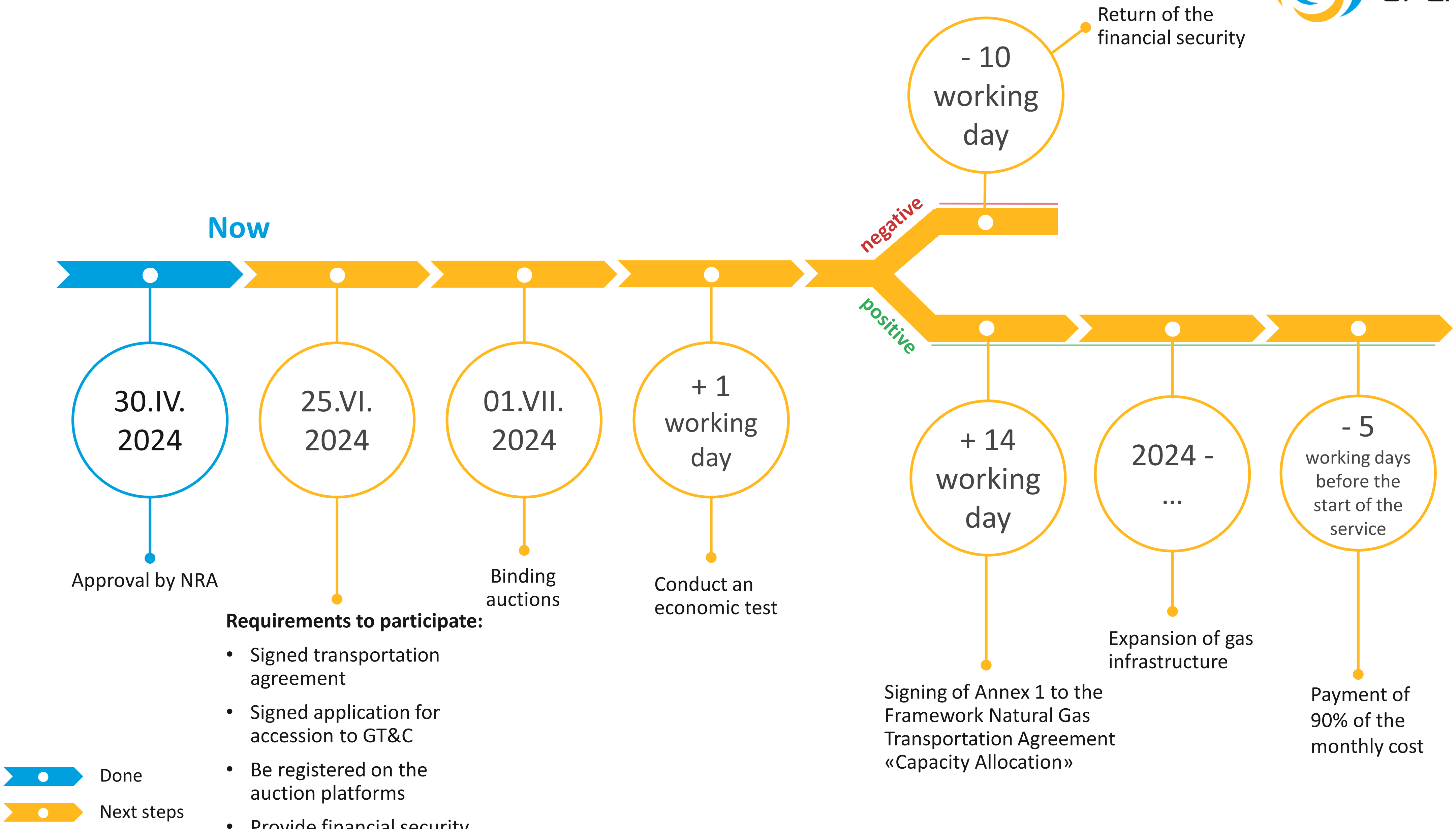
desfa, gastrade, ICGB, BULGARTRANSGAZ, TRANSGAZ, VMTG, eustream, FGSZ

GTSOU invites to participate in the auction for the allocation of incremental capacities, which will take place on July 1, 2024

details

*taking into account that the pipelines are already in place we could easily further increase the capacities up to 28 mcm/day without any major investment

Binding phase



Requirements to participate:

- Signed transportation agreement
- Signed application for accession to GT&C
- Be registered on the auction platforms
- Provide financial security

Thank you!

UA TRANSMISSION SYSTEM OPERATOR