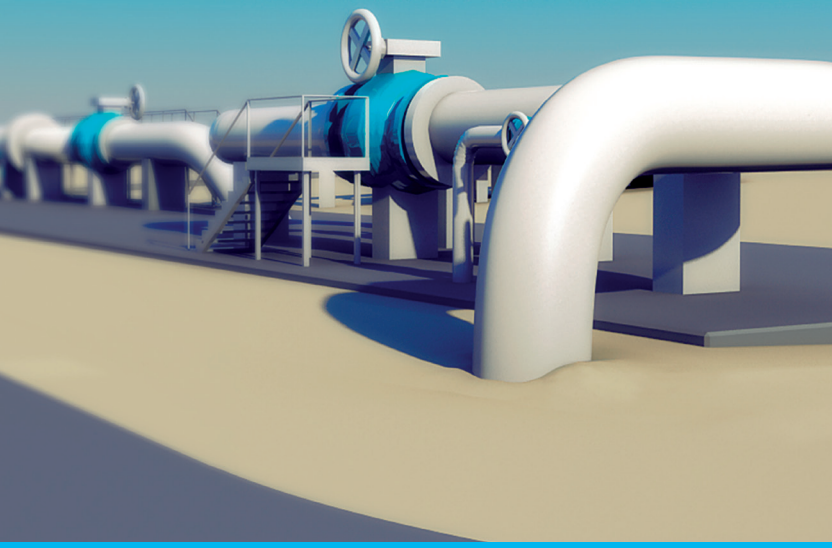
NET4GAS

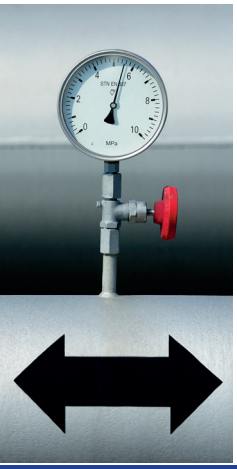


Capacity4Gas Project

Capacity4Gas Project Contributes to Securing Energy Supplies

The rationale behind pursuing the Capacity4Gas Project is the widening gas supply/demand gap in Europe. In its latest report, the International Energy Agency estimates that due to decreasing gas production in Europe, by 2030 there will be an additional need for gas imports from non-European sources of approximately 100 billion cubic meters per year (12 times the overall annual consumption of the Czech Republic). This gap can be filled by a combination of liquified natural gas (LNG) imports and pipeline gas.

In this context, the Capacity4Gas Project is part of a larger initiative to have secure and cost-efficient access to gas supplies via additional pipeline capacities, especially in the Baltic Sea. Simultaneously, the newly-created infrastructure in the Czech Republic will be made available to all interested market participants on a fully transparent and non-discriminatory basis for the transportation of any kind of natural gas from producing countries, e.g. Norway, Russia, and the United States. Therefore, the Capacity4Gas Project will contribute to enhancing the security of gas supplies in the Czech Republic and in the entire CEE region. At the same time, the project will further strengthen the strategic role of the Czech Republic in international gas transit.



As the market demand for new long-term gas transmission capacity was formally confirmed in a binding European-wide capacity auction held in March 2017, the Capacity4Gas Project has entered its implementation phase. This will be done in full coordination with the adjacent gas transmission system operators in Germany and Slovakia.

Capacity4Gas Project Brings Major Investments to the Czech Republic

The objective of the Capacity4Gas Project, carried out by NET4GAS, is to build new gas infrastructure, most of which is to be located in the Ústí and Pilsen Regions. The aim of the project is to connect the gas infrastructure operated by NET4GAS to the planned EUGAL pipeline in Germany and to increase its capacity for the needs of gas supplies in the Czech Republic and further transit via Slovakia. The project shall be implemented in two stages, with completion scheduled for 2019 and 2021, respectively.

Technical Description of Main New Gas Infrastructure Subprojects

The Capacity4Gas Project is divided into several subprojects according to their type and location. The main new gas infrastructure subprojects are:

Capacity Extension of Hora Svaté Kateřiny Border Transfer Station

The objective of the planned subproject "Capacity extension of the Hora Svaté Kateřiny Border Transfer Station" is to connect the Czech transmission system near the municipality of Hora Svaté Kateřiny to the EUGAL pipeline, which is planned on German territory. This subproject is expected to be implemented during the first stage and is planned for a rural area.

New Compressor Station Construction

The aim of the New Compressor Station Construction subproject is to allow for increased transmission capacity and the efficient use of the existing high-pressure transmission pipelines. The planned solution employs emissions-free electrically operated compressors with a total installed capacity of approximately 25 MW. This subproject is expected to be implemented during the first stage. It is planned for a rural area in the Ústí Region.

DN 1400 High-pressure Pipeline: Kateřinský Potok Junction Point – Přimda Junction Point

DN 1400 High-pressure Pipeline: Kateřinský potok Junction Point – Přimda Junction Point is designed as a parallel pipeline to the existing gas infrastructure on the territory of the Ústí and Pilsen Regions and will be connected to the existing gas transmission system in the Czech Republic. This subproject is expected to be implemented during the second stage and is planned for a rural area.

Map of Main New Gas Infrastructure Subprojects

- Border transfer station
- Compressor station
- Border transfer station abroad
- Compressor station abroad
- Transit pipeline
- Intrastate pipeline

Security of High-pressure Pipelines

As regards the operation of the Czech transmission system, NET4GAS is the successor of Tranzitní plynovod, národní podnik (Transgas), established in 1971. The company has been providing the safe and reliable transmission of natural gas via the Czech territory for more than 40 years, especially thanks to its focus on high-quality construction, operation and maintenance, and the continuing development of safety and security technologies.

The entire gas infrastructure undergoes thorough regular inspections, not only during the construction stage, but also during its subsequent operation. Prior to being put into operation, every gas asset must pass strict safety tests. Immediately after being put into operation, all gas assets are subject to a regular monitoring and maintenance program.

Our Priority – Health and Environmental Protection

Like the other gas infrastructure, the Capacity4Gas project will be as environmentally friendly as possible. The project must fully conform to the demanding requirements of the legal approval process, including an environmental impact assessment (EIA) carried out by the Czech Ministry of Environment, which examines all potential effects of the infrastructure and its future operation on public health and the natural world in detail, including flora, fauna, ecosystems, soil, water sources, air, climate, landscape, natural resources, assets, and heritage monuments.

- Natural gas is the most environmentally-friendly fossil fuel.
- More than 40 years' experience of NET4GAS is a guarantee of reliability, safety and environmental friendliness.
- Technologies used within the construction of modern gas infrastructure strive to reduce any adverse environmental impact to a minimum and ensure the maximum safety of the construction work and subsequent operation.
- NET4GAS closely monitors the environmental conditions before, during, and after every construction project.
- Machinery is used solely within the working width (36 m, 23 m in wooded areas).
- Pipelines built under the ground do not disrupt the natural appearance of the landscape.
- Restrictions that apply within the safety corridor of pipelines do not limit common agricultural activities.
- Repairs, modifications, and construction tasks are performed using specialized technologies that reduce any adverse impact on the environment.
- Wherever possible, the new infrastructure will be built in the safety corridors of the existing energy infrastructure.

NET4GAS
Company Profile

NET4GAS holds an exclusive gas Transmission System Operator (TSO) licence in the Czech Republic. The company secures the international transit of natural gas across the Czech Republic, domestic transmission of natural gas to partners in the Czech Republic and associated commercial and technical services.

NET4GAS at a glance

- Transmits about 45 billion m^3 of natural gas each year (of which around 15 % is for domestic consumption)
- Guarantees a non-discriminatory approach
- Operates more than 3,800 km of pipelines
- Operates three border transfer stations, four compressor stations, and nearly a hundred transfer stations at the interface with domestic gas distribution
- Is a member of the Czech Gas Association, the international organisations ENTSOG, GIE, EASEE-gas, and the IGU and Marcogaz working groups
- Has more than 500 employees
- Is one of the largest private corporate donors to nature conservation in the Czech Republic
- Is committed to its corporate social responsibility

Contacts

NET4GAS, s.r.o.
Na Hřebenech II 1718/8
140 21 Prague 4 – Nusle
Czech Republic

Tel.: +420 220 22 7878
E-mail: capacity4gas@net4gas.cz

www.net4gas.cz