Klaipėda LNG Terminal: Gateway to the Baltic Sea Gas Market

February 18, 2016, Klaipėda

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Overview of Klaipėdos nafta and Klaipėda LNG terminal

KN as a diversified oil product and LNG terminal operator

- 40+ years of oil product terminal operations
- Successful fast track LNG terminal project implementation
- State fuel reserves
- LNG reloading and bunkering station project
- LNG bunkering vessel project
- LNG terminal consulting projects
Overview of the Klaipėda LNG terminal
Successful operations after commissioning in autumn

Commercial operations
First commercial send-out from 1st of January 2015

Commissioning cargo
Delivered 28th of October 2014

First commercial cargo
Delivered 23rd of December 2014

FSRU Independence
Arrived on the 27th of October 2014
Regasification unit

Deck of FSRU Independence
High pressure gas platform

Service platform

Construction of the jetty
Naujausios nuotraukos iš statybų aikštelės

Gas transmission system

Gas metering station and control center
Overview of Klaipėdos nafta and Klaipėda LNG terminal

Key achievements

- LNG terminal launched on time
- European Commission support
- Professional project team
- Savings of 30 mln. EUR
- Minimal impact on the environment
- Financing by EIB, NIB
- Prompt implementation
- Security of energy supply
- Business model approved by EU
- Positive public opinion
- Managed international public tenders
- Positive evaluation of 12 audits
- Lithuania fulfills N-1 standard
- European Commission support
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Commercial Operations of the Klaipėda LNG Terminal

Services of the Terminal

Services
Start from the 1st of January, 2015.

New opportunities in 2016-2017

LNG reloading station

LNG regasification
LNG regasification tariff – 0,10 EUR/MWh

LNG reloading
LNG reloading tariff – 1,14 EUR/MWh

- Capacities allocated before and during the Gas Year (October – October)

- Minimal send out ensures constant operational availability
- All services are on a transparent third party access basis

LNG bunkering and truck reloading

- LNG cargo break-bulking possibilities
Commercial Operations of the Klaipėda LNG Terminal
Terminal Business Model

Terminal capacities are available via open booking procedure (nm³/day)

- Currently 3 Terminal users
- Reserved capacities for Gas Year 2016 – 1.1 bln. nm³
- Terminal utilisation rate – 29%

• Capacity available for traders
• Average daily send-out
Access to new Baltic Sea markets

LNG regasification/pipe markets

LNG ship reloading markets

LNG trucking markets

Markets accessible starting the 1st of January, 2015
Markets accessible after regional interconnections are finished
Markets accessible after on-shore LNG reloading station is finished

Small & Mid-scale LNG terminals (5,000-50,000m³; operational and under development)
Access to natural gas markets in the Baltic sea region

- Klaipeda LNGT provides access to well interconnected natural gas market of the Baltic States, including the Incukalns underground gas storage facility
- Finish market is accessible after the completion of Baltic Connector pipeline
- Polish market is accessible after the completion of GIPL pipeline
- Access to Ukrainian market is available once the transit is agreed
Reload hub for the Baltic Sea region

- **Gävle project**
  Expected start-up: 2018

- **Nynäshamn project**
  Operational from: 2011

- **Gothenburg project**
  Expected start-up: 2017

- **Regional hub in Klaipėda**

- **Manga project**
  Expected start-up: 2017-2018

- **Rauma project**
  Expected start-up: 2017-2018

- **Pori project**
  Expected start-up: 2016

- **Haminan project**
  Expected start-up: 2017-2018

- **Tallinn-Muuga project**
  Expected start-up: 2017

- **Tallinn-Muuga project**
  Expected start-up: 2017
LNG reloading station in the port of Klaipėda

LNG Supply Route

- LNG unloading
- LNG supply route
- KN oil terminal
- LNG Reloading station

Integrated service

- FSRU Independence
- Flexible hose
- C-type containers
- LNG dispenser
- LNG trailer

- LNG reloading service
- LNG transportation
- LNG reloading into LNG trailers
Thank you for your attention.
Klaipeda LNGT in the Regional Gas Market

Security of Gas Supply - Price

Comparison of EU wholesale gas prices (2014 Q4) vs July 2015

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**TOP 5 end 2014 Price level**

1. Lithuania
2. Estonia
3. Latvia
4. Greece
5. Slovenia

**Historical gas prices, 2013-2015**

- World trend – gas prices are going down due to:
  - Oil price crisis;
  - Mild winters in the recent years;
  - New sources of LNG – shale gas;
  - Decreased demand in Asia as a result of energy balance diversification.

- Regardless, dependency on a single gas supplier translated to the highest price in the EU until the end of 2014.

Source: DG Energy, GetBaltic, Latvijas Gaze, Elering
2. Global Natural Gas Prices

A Cap for Natural Gas Prices in the Region

Average annual natural gas import price

EUR/ MWh

Klaipėda LNG Terminal is in Operation

LNG price sets natural gas price cap

Sources: NCC, GetBaltic, Latvijas Gaze, Elering, Energiavirasto, The ICE, Indexmundi, ycharts, x-rates.com

Monthly prices are averaged to get the annual average price; Respective month exchange rates are used for currency conversions where needed; Reference for the last 3 months of 2015 H1 price in Lithuania is the GetBaltic fulfilled transaction weighted average price for transactions carried out within a month; 3.5 EUR/MWh are added to the NBP price to represent LNG shipping, supplier margin and any other additional costs; 10.4 MWh/1000 nm³ natural gas for conversions where needed.