

Meeting with Ulrike Andres – Commercial and External Affairs Director and Goloren Turan – Government Affairs Manager of the Tran-Adriatic Pipeline (TAP)

Participants European Commission: Bernd Biervert, Joachim Balke, Dominik Hatiar

The purpose of the meeting requested by TAP was to update the **European Commission about the state of play of the TAP construction process**. First deliveries of gas through TAP are still expected in early 2020 and recent construction work in Greece, Albania and Italy is advancing according to the schedule.

The **social and environmental dimensions** of TAP are closely scrutinized by the main lenders (EIB and EBRD), local and national authorities, as well as non-governmental organizations. Environmental and Social Impact Assessment projects have been conducted in all three countries. The ratio of local employees to external brought in to work on the pipeline is 90%, with for example 9000 workers being employed by TAP in Albania. Social and Environmental investment projects are being implemented in all countries for a value of 0.5 million euros in Greece, 1.5 millions in Albania and more than 2 million in Italy. Further investments into environmental management, community quality of life and livelihoods are expected.

The Italian landscape and the areas lying along the path of the pipeline are mainly characterized by **olive groves**. Other locations for pipeline construction have been proposed, such as north of the city of Brindisi, however local environmental and seabed make this alternative unfeasible. Moreover, such a reallocation would delay the project by several years. Therefore, **an agreement has been reached to temporarily transplant the trees and replant them back upon completion of construction works, in accordance with the original layout**. A status quo ante will be restored. The replanting will begin in November 2016.

Onshore construction works in Greece advance without significant problems, with 141 km being cleared, 66 strung and 43 welded of the total 550km. In Albania 37km have been cleared, 36 km strung and 27 km welded of the total 215 km.

The key outstanding issue is the lagging permitting process in Italy that is inhibiting the predominantly offshore construction. Its initiation was originally scheduled for the 2017 winter. **Although Renzi's government fully supports the TAP project, it conditioned its completion by 66 demands that can only be fulfilled with the cooperation of local authorities**. Only 3 of the existing 66 permits have so far been issued. This is mainly due to the lengthy legal process whose acceleration is needed to begin construction in time. Success of the Italian constitutional reform referendum could also provide the needed stimulus.

The construction of the 180km, 220 million worth **Interconnector Greece-Bulgaria (IGB)** is scheduled to start next year, **enabling Bulgaria to utilize its 1BCM/annum exception for supplies from the second phase of Shah Deniz outside the countries along the TAP route**. The deadline for binding offers for the use of the IGB has been extended by a month to the end of November due to requests

from bidders. The project (as a PCI) has been awarded in 2010 with European grants worth 45 million euro through the European Economic Recovery Plan (EERP).

The European Commission reiterated that the SGC/TAP project was a crucial gas infrastructure project for the EU, crucially contributing to the EU's energy diversification strategy, bringing Caspian gas to Europe. It stressed the importance to keep the schedule to allow Caspian gas to flow to Europe by 2020.