

The Project “Extension of the Romanian transmission system for taking over gas from the Black Sea shore”

A NATIONAL DEVELOPMENT PROJECT



NON-TECHNICAL SUMMARY

for the Project

“Extension of the Romanian transmission system for taking over gas from the Black Sea shore”

(Reference number in EU PCI List: 6.24.10-3)



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1. A PROJECT OF COMMON INTEREST

Regulation (EU) No. 347/2013 of the European Parliament and Council of 17 April 2013 on the guidelines for trans-European energy infrastructure and repealing Decision No. 1364/2006/CE and amending Regulation (EC) No.713/2009, Regulation (EC) No. 714/2009 and Regulation (EC) No. 715/2009 (hereinafter referred to as the Regulation (EU) No. 347/2013) intends to facilitate and implement energy projects of strategic importance. The Regulation introduces, among others, a new status for projects, namely the Project of Common Interest (PCI) status, a status granted to projects that have a significant contribution to energy market integration, sustainability, security of supply, and that are necessary for energy infrastructure corridors with cross-border impact.

The Project is on the third list of PCIs adopted by the European Commission in November 2017 and approved by the European Parliament in April 2018 at position:

- ✓ **6.24.10 - 3 "Extension of the Romanian transmission system for taking over gas from the Black Sea shore"**

Additional information on projects of common interest are available on the official webpage of the European Commission:

<https://ec.europa.eu/energy/en/topics/infrastructure/projects-common-interest>

and the interactive map of the projects may be found at:

http://ec.europa.eu/energy/infrastructure/transparency_platform/map-viewer/

According to the Regulation (EU) no. 347/2013 the projects of common interest are subject to a specific authorization procedure and they may benefit of grants by Connecting Europe Facility.

Updates May 2019 (version 3)

The interactive map of the projects may be found at

http://ec.europa.eu/energy/infrastructure/transparency_platform/map-viewer/main.html



2. WHO ARE WE?

The National Gas Transmission Company TRANSGA S.A. (TRANSGAZ) is the sole operator of the Romanian national gas transmission system. In Romania the gas transmission system is owned by the Romanian state, and TRANSGAZ is the system operator based on a long term concession agreement.

The main object of activity of the company is transmission through pipelines, but complementary to this the company may perform other activities as well, according to the applicable legislation and with the company's bylaws. The main purpose of the company is to attain the objectives of the national strategy set for gas transmission, gas transit, gas dispatching, gas transmission research and engineering, under efficient, transparent, secure, non-discriminatory access and competitive conditions, while observing the European and national legislation and standards on quality, performance, environment and sustainable development.

TRANSGAZ is a joint-stock company according to the Romanian legislation, and the main shareholder is the Romanian state. The company was listed on the Bucharest Stock Exchange in 2007.



3. WHAT IS THE PROJECT „EXTENSION OF THE ROMANIAN TRANSMISSION SYSTEM FOR TAKING OVER GAS FROM THE BLACK SEA SHORE”?

Project name	6.24.10 - 3 "Extension of the Romanian transmission system for taking over gas from the Black Sea shore"
Priority corridor	Gas Interconnections in Central - Eastern and South - Eastern Europe («NSI EastGas»)
Group of projects	Cluster phased capacity increase on the Bulgaria — Romania — Hungary — Austria bidirectional transmission corridor (currently known as "ROHUAT/BRUA") to enable 1.75 bcm/a in the 1st phase, 4.4 bcm/a in the 2 nd phase, and including new resources from the Black Sea in the 2 nd and/or 3 rd phase
Country	Romania
Project promoter	S.N.T.G.N. TRANSGAZ S.A.
Project location	Black Sea Shore – Corbu – Săcele - Cogealac - Grădina

Project Description

Considering the European Union’s increasing dependence on gas imports, based on the constant increase of the gas demand and the decrease of the domestic production, the security of gas supplies represents a necessity.

The project becomes necessary also in the context of the taking over in the Romanian gas transmission system of the recently discovered Black Sea gas, for their capitalization on the Romanian and regional markets, the extension of the National Gas Transmission System being required to create an additional gas point for taking over gas from the Black Sea offshore blocks.

The project "Extension of the Romanian transmission system for taking over gas from the Black Sea shore" (hereinafter referred to as the Project) consists in the construction of an approximately 24.37 km long pipeline, Ø20" (Dn 500) diameter, designed to transmit gas at a pressure of 55 bar to connect the Black Sea shore to the international gas transmission pipeline Transit 1 in the Black Sea Shore – Corbu – Săcele - Cogealac - Grădina direction.

Scenarios under analysis

Within the pre-feasibility study the following 2 options were considered:

- ✓ **Option 1 (endorsed)** located on the administrative territory of Corbu, Săcele, Cogealac and Grădina, 25 km long.
- ✓ **Option 2** located on the administrative territory of Corbu, Săcele, Mihail Kogălniceanu and Tîrgușor, 28.6 km long.

For both options the following scenarios were considered:

- **Scenario 1** – 1.00 billion Scm/y, DN 500 pipeline;
- **Scenario 2** – 2.00 billion Scm/y, DN 600 pipeline;
- **Scenario 3** – 4.00 billion Scm/y, DN 800 pipeline.

In view of the optimization and selection of the final option the following aspects were taken into account:

- minimum impact on agricultural lands;
- avoidance of landslide areas;
- necessity of minimum land improvement as compared to other possible alternatives;
- technical, economical and construction related considerations, and the possibilities to monitor the cathodic protection station and the pipeline during operation;
- minimum impact on the environment (and on all environmental aspects);
- assurance of conditions for mechanical digging and construction-mounting works;
- safety of operation;
- observance of safety distances to nearby objectives;
- minimum social impact.

For endorsed Option 1 the three gas transmission scenarios mentioned above were analysed in the Feasibility Study. Scenario 1 was endorsed, this scenario considering the construction of a DN 500 24.37 km gas transmission pipeline, the pig launching trap at the Vadu connection point and the pig receiving trap at the Transit 1 connection point (in the Grădina area), underground power supply installations for the cathodic protection station (CPS) and for the pig launching and receiving traps, digital data telemetry system (optical fibre), corrosion protection system.

Pipeline Route

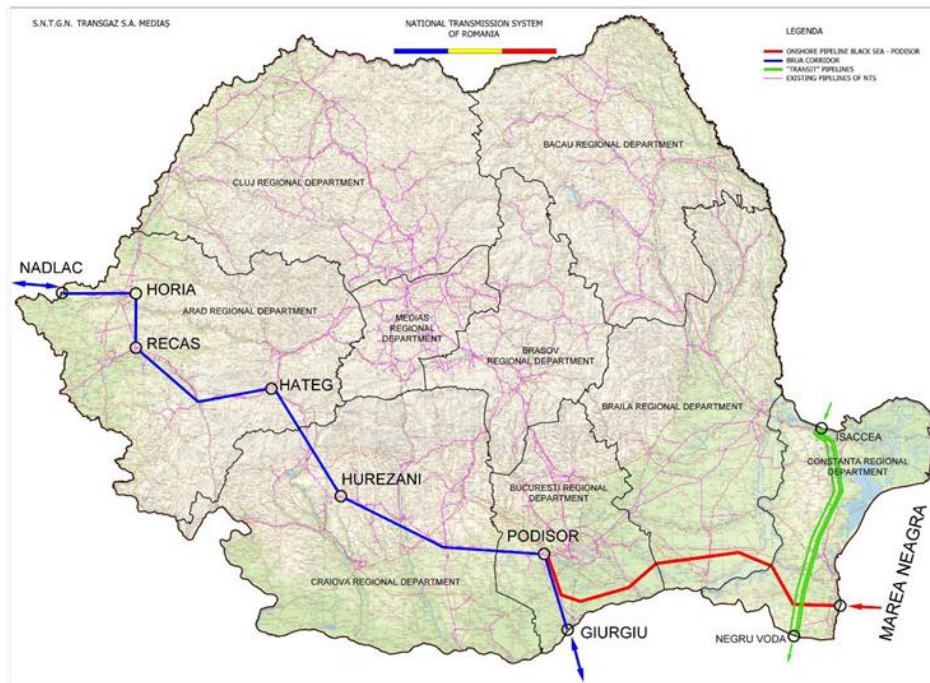
When determining the pipeline route several options have been considered, and the final decision weighed in favor of the option that would bring the optimum ratio between the social-economic benefits, the national energy security benefits, the national consumption needs and the minimum impact on the environment and the community.

The pipeline is located in the South Eastern area of the country, in Constanța County, in the area of the Corbu, Săcele, Cogealac and Grădina administrative – territorial units.

Due consideration was also paid to the impact mitigation of some environmental factors, namely to round the conservative areas, the environmental sensitive areas and inhabited areas.

Along the route, the DN 500 pipeline crosses the following obstacles: access ways (national roads, county roads, country roads, railways), water bodies that are not registered in the land register, valleys and channels, oil, gas and water pipelines, telecom networks (fibre optic).

On the pipeline route there will be installed a series of above ground installation ancillary to the transmission pipeline, as follows: two line valves and one cathodic protection station.



“Extension of the Romanian transmission system for taking over gas from the Black Sea shore” - pipeline route

4. WHY THE PROJECT EXTENSION OF THE ROMANIAN TRANSMISSION SYSTEM FOR TAKING OVER GAS FROM THE BLACK SEA SHORE?

The gas infrastructures in the region currently lack the appropriate interconnectivity and flexibility, which causes a significant negative impact on the gas markets in Bulgaria, Romania, Hungary and Austria, further on bringing higher gas prices and vulnerability in the security of supply. Moreover,

some of these countries still depend, at a high extent, by the gas supplied by the Russian Federation.

What does the Project bring forth?

- ✓ **Market integration** as a result of the decreasing congestion of the energy infrastructure and the increasing of system interoperability and flexibility;
- ✓ **Security of supply and competition** by ensuring the proper interconnections, by the diversification of supply sources, of transmission routes and of stakeholders, thus reducing the market concentration;
- ✓ **Sustainability** by reducing emissions due to the replacement of pollutant fuels with natural gas issuing less carbon dioxide per delivered energy unit.

Moreover, project implementation assures:

- ✓ Creating an alternative for supplying gas to Bulgaria, different from the one using gas from the Russian Federation, that is supply from the National Transmission System;
- ✓ Improving gas supply to different areas of the National Transmission System, especially during winter time, when, due to the low temperatures, the consumption increases (consumed flows) and the pressure in the system decreases;
- ✓ Increasing operational safety of existing pipelines and installations;
- ✓ Diversification of gas supply sources for consumers in Romania, by ensuring access to the gas volumes in the Black Sea;
- ✓ Through the Bulgaria – Romania – Hungary – Austria pipeline (the BRUA project) and the current NTS pipelines there is the possibility to create a route for the transmission of Black Sea gas to the Central European markets;
- ✓ Enhancing security of gas supply to Romania and Central European markets by access to new gas sources;
- ✓ Decreasing the dependency on gas imports from a single source, by covering the constant and predictable increase tendencies of the consumption in the European countries against the background of gradually gaining the market to lead to a constant medium and long term decrease of the gas deliveries from the area of the Russian Federation.

Through its objectives the Project complies with the guidelines on trans-European energy infrastructures as formulated by the European Parliament, European Council and European Commission.

Within the area of the Grădina Territorial Administrative Unit (UAT), located along the DN 1000 Transit 1 pipeline route, the Transit 1 pipeline will be interconnected with the designed pipeline,

gas from the Black Sea following to be taken over into the National Transmission System through the interconnection.

National and local benefits

Implementation of the Project will lead to a higher degree of energy security in Romania by assurance of access to diversified sources and routes of gas supply. This new infrastructure will also open way for new opportunities favoring the suppliers of energy equipment and services in Romania and the rest of Europe, and will assure new jobs that are necessary for the execution and exploitation works in Romania.

To this end, from national and local perspective, the following potential benefits have been identified as a result of Project implementation:

- Security of gas supply to Romania by access to new gas supply corridors;
- Incentives to competition on the internal gas market, diversification of market structure and determination, under competitive conditions, of import gas prices;
- Development of the national gas transmission system;
- Major investments in Romania;
- A positive social-economic impact, by:
 - new jobs both during construction and during operation;
 - increased commodity demand with a positive effect on economy as a result of the new jobs;
 - additional income to the state budget and to the local budget;
 - a positive impact on local tourism operators (accommodation) and therefore an increased tax contribution as income to the local administration (during Project implementation) by contracting accommodation services in the works area for the teams responsible with Project implementation and Project execution;
 - incentives for other investments and ancillary undertakings (manufacturers/suppliers of raw materials, materials, devices/equipment and services necessary for Project implementation);
 - incentives for development of local economy due to a higher value of land in the vicinity of the new pipeline;
 - a higher living standard and a better life due to the increased number of households/economic agents to connect to the gas network.

5. RESPECT FOR ENVIRONMENT AND FOR PEOPLE

TRANSGAZ believes that the use of business practices that pay a tribute to society and to the employees is vital for the success of the Project. As such, the company adheres to a series of key principles:

- observance of strict standards on pipeline systems construction;
- mitigation to the minimum possible of the negative impact on the environment and on the inhabitants caused by construction activities;
- mitigation to the minimum possible of the short term and long term inconveniences caused to land owners and land users;
- TRANSGAZ is responsible for restoration of land and structure (drains, ditches, irrigations and roads) that are necessary during construction;
- mitigation to the minimum possible of Project footprint (including on land subject to easement or right of way, on temporary facilities, on access roads);
- mitigation to the minimum possible of emissions and noxae;
- mitigation to the minimum possible of energy and resources consumption;
- mitigation to the minimum possible of waste resulted from construction and exploitation activities;
- maximum reuse of displaced materials.



During construction



After construction

6. PROJECT PRELIMINARY SCHEDULE

Development and implementation stages	Period
Pre-feasibility study	completed
Feasibility study	completed
Environmental Impact Assessment	completed
FEED and permitting documentation for the construction permit	completed
Construction of pipeline	2019 – 2021 <i>Updates May 2019 (version 3)</i> 2019 – 2020
Commissioning	2021
Start of operation	2021

Note: The schedule is indicative and may be changed. The actual implementation depends upon the development of the Black Sea offshore blocks.

7. PROJECT STATUS

Permitting according to the applicable laws

- **The Pre-feasibility study** was prepared by Transgaz. Option 1 presented in the study was endorsed on 16.09.2016.
- **The Feasibility study** was completed and approved by Transgaz on 31.05.2017.
- **Town planning certificates** 26/28.03.2017, issued by the Constanța County Council, and 6/28.03.2017, issued by the Grădina Municipality, Constanța County, were obtained. The documents necessary for **obtaining the permits** under the town planning certificates were submitted and all permits and authorisations were obtained.
- **Landowners** were **identified**, the plans and tables are endorsed for conformity by the municipalities of the territorial-administrative units crossed by the Project.
- **The environmental impact assessment procedure** was carried out according to Order 135/76/84/1284 of 10.02.2010 on the approving the Methodology for the application of the environmental impact assessment for public and private projects. The Project Owner requested the issuance of the environmental agreement to the Constanța Agency for Environmental Protection (A.P.M.), on the territory of which the Project is implemented, by

submitting the notification of the intention to achieve on 07.04.2017.

The Initial Assessment Decision was issued on 28.04.2017, and in May 2017 the Presentation Report prepared according to the frame content under Order MMP 135/2010 and Order of Minister 19/2010 was submitted to the Agency for Environmental Protection.

The Presentation Report was analyzed at the meeting of the Technical Analysis Commission on 07.06.2017. The draft Screening Decision was made public through the media, displayed at the city halls of the project zones, on the website of the Constanța Agency for Environmental Protection and of Transgaz. There were no comments from the public concerned. The Constanța Agency for Environmental Protection issued the Screening Decision on 19.06.2017, submitting the project to the environmental impact assessment and not to the appropriate assessment. On 20.06.2017 the Constanța Agency for Environmental Protection, with the consultation of the environmental authorities, prepared and sent the *Environmental Guidelines* for the preparation of the Environmental Impact Assessment Report.

Environmental Impact Assessment Report was prepared by a legal person certified according to Order of Minister 1026/2009 on the preparation of the environmental impact assessment report and was submitted for public consultation on the website of the Agency for Environmental Protection. The announcement of public opportunities to participate in the decision-making process was made public through the media, displayed at the city halls of the project zones, on the website of Transgaz. On 01-02.11.2017 public debates on the Environmental Impact Assessment Report were held. There were no justified comments from the public concerned during the public debates.

The Constanța Agency for Environmental Protection, with the consultation of the environmental authorities, proposed the taking of the decision to issue the environmental agreement. The draft environmental agreement was published on the website of the Constanța Agency for Environmental Protection on 9.11.2017. The issuing decision was made public through the media, displayed at the headquarters of the local authorities. The Constanța Agency for Environmental Protection issued **Environmental Agreement 31/24.11.2017**.

- The project was declared **project of national importance** by Government Resolution 563/04.08.2017.
- On 20.12.2018 the Ministry of Energy issued the Building Permit according to Law 185/2016.
- The FEED for the NTS extension by the construction of a gas transmission pipeline from the Black Sea gas overtaking point (the Vadu area) – to Transit 1 (the Grădina area) was completed and endorsed by Transgaz on 19.01.2018.
- It was launched the procedure for issuing the Government Resolution for the taking of the land affected by the route of the Project out of the agricultural circuit, according to Law 185/2016.

Updates as of October 2018 (version 2)

All permits/endorsements/licenses **required under the town planning** certificates were obtained

The **Final Report** no. 240810/29.06.2018 of the Working Group responsible for reviewing the documentation and preparing the proposal to issue the construction permit for the project contemplating **that all applicable legal requirements related to permitting were duly fulfilled in respect of the validity of the permit no. 4/20.12.2017 according to Law no. 185/2016.**

Updates as of May 2019 (version 3)

- **Resolution 890/9 November 2018 on the approval of the list of agricultural lands located outside the built-up area for the project of common interest in the gas domain: „Extension of the Romanian transmission system for taking over gas from the Black Sea shore”** was issued.
- **The incremental capacity booking process** for the Vadu point was completed with the allocation of the capacity and signature of the transmission contract. The details of this process are published on the Company's website:
<http://www.transgaz.ro/procesul-de-capacitate-incrementala-pm-vadu>
- **The public procurement process** is in progress.

The authorization procedure applicable to Projects of Common Interest based on the provisions of Regulation (EU) No. 347/2013

Considering the magnitude and regional implications of the projects of common interest (PCIs), Regulation (EU) No. 347/2013 provides for a new formula and a new set of guidelines applicable to the authorization procedures for PCIs. The scope of the new guidelines is mainly to lead the way for an effective administrative processing of application files for PCIs, by concentrating the activities with one dedicated entity, namely: `The National Competent Authority responsible to facilitate and coordinate the permitting procedures for PCIs and to facilitate the application of Regulation 347/2013`. In Romania this role falls with the Ministry of Energy.

TRANSGAZ will submit to the Competent Authority for PCIs (A.C.P.I.C) the **Notification for the initiation of the procedure prior to the submission of the candidature for the Project Extension of the Romanian transmission system for taking over gas from the Black Sea shore.**

According to the provisions of Regulation (EU) No. 347/2013 the **webpage of the project** was created on the company's website where the information leaflet is available providing, in a clear and succinct manner, information on the Project, a Non-technical Summary, as well as the contact details.

Updates as of October 2018 (version 2)

- The **Concept for Public Participation** was submitted to the Competent Authority for Projects of Common Interest (ACPIC) on 06.08.2018 and was approved by Approval Letter no. 111518/09.08.2018 issued by the Ministry of Energy. On 11 September 2018, **public consultations** were organized based on (EU) Regulation No. 347/2013 in the following locations: Săcele and Grădina (Constanța county).
- **The Final Synthetic Report regarding the results of the public consultation actions** was issued and sent to ACPIC as part of the application process and was published on Transgaz webpage (on project page).

Updates as of May 2019 (version 3)

- **The application** was sent to ACPIC on 09.10.2018 (by TRANSGAZ Letter 51858/09.10.2018) and was accepted on 22.10.2018 (by Ministry of Energy Letter 111997/22.10.2018).
- **The Final Report on the permitting and public consultation and participation processes** for the project of common interest „Extension of the Romanian transmission system for taking over gas from the Black Sea shore” was sent to ACPIC on 19.11.2018.
- The Application was approved and **Comprehensive Decision** 3/12.12.2018 was issued based on the Final Report.

8. ADDITIONAL INFORMATION SOURCES

Information on the company:

<http://www.transgaz.ro/>

Information on the Project and on the public consultation procedure:

<http://www.transgaz.ro/ro/extinderea-sistemului-de-transport-din-romania-pentru-preluarea-gazului-de-la-tarmul-marii-negre>

The official webpage of the European Commission:

<https://ec.europa.eu/energy/en/topics/infrastructure/projects-common-interest>

The interactive map of the European PCIs:

http://ec.europa.eu/energy/infrastructure/transparency_platform/map-viewer/

Updates May 2019 (version 3)

http://ec.europa.eu/energy/infrastructure/transparency_platform/map-viewer/main.html

Contact data:

Address: S.N.T.G.N. TRANSGAZ SA., 1 C.I.Motaș Square, Medias, Sibiu County

Phone: Operators - 0269 - 80.33.33

Fax: +4 0269 - 83.90.29

Email: cabinet@transgaz.ro

PR Department:

Cora Stăvărescu

Head of Internal Communication Department

E-mail: cora.stavarescu@transgaz.ro

Telefon: +40 0372 291495

Cornel Mihai

Head of the Administrative and Corporate Relations Department

E-mail: cornel.mihai@transgaz.ro

Telefon: +40 0269 803261

Mircea Chelaru

Public Relations Specialist

E-mail: adrian.chelaru@transgaz.ro

Phone: +40 0269 801581