

07 June 2021

GAZ-SYSTEM AND SNTGN TRANSGAZ are strengthening cooperation

Gas Transmission Operator GAZ-SYSTEM S.A., Polish gas TSO and the National Gas Transmission Company (SNTGN) TRANSGAZ S.A., Romanian gas TSO, signed a memorandum of understanding.

By signing on the Memorandum, both Parties confirm their intention and commitment to take all actions to lay the foundation of a cooperation relationship and to identify opportunities to substantiate new lines of support.

The Memorandum supports cooperation between the Parties aimed at developing a unified approach towards implementation of strategic EU priorities in the field of security of natural gas supplies, market integration and sustainable development, in particular in relation to the EU Green Deal. Within the framework of Memorandum the Parties agreed to cooperate closely on the activities undertaken on the regional and EU level.

The Parties shall strive to ensure that the energy transition is implemented in both fair and cost effective manner allowing to achieve diversified and well-integrated energy market in the CEE & SEE region. The Parties are committed to strengthen the cooperation with regard to the natural gas & LNG markets, as these energy carriers will play a crucial role in the decarbonisation process in both Poland and Romania. Moreover, the companies shall also explore the potential for cooperation within the area of new gases and hydrogen, that will have a crucial impact for further functioning and development of national transmission systems in both countries.

SNTGN TRANSGAZ and GAZ-SYSTEM are committed to take further actions to make the MoU effective. Both Parties are convinced that bilateral cooperation within the framework of the MoU will be beneficial not only for involved countries but also for the CEE& SEE region.

The Memorandum of Understanding has been signed by the Management of the two companies.

GAZ-SYSTEM plays a strategic role in the Polish economy. We are responsible for natural gas transmission, operate the most important gas pipelines in Poland and own the President Lech Kaczyński's LNG Terminal in Świnoujście.

As part of the 2015-2025 investment programme, GAZ-SYSTEM plans to build over 2000 km of new gas pipelines in western, southern and eastern parts of Poland. Further development of the national transmission network, including the construction of new gas pipelines making part of the North-South Gas Corridor and the compressor station in Kędzierzyn Koźle, as well as the interconnections with Lithuania and Slovakia are underway. Onshore gas pipelines are designed to connect the planned FSRU floating terminal in the Gulf of Gdańsk with the national transmission system. The LNG Terminal

in Świnoujście is also being expanded, as a result of which the regasification capacity of this facility will increase by more than a half.

The Company is implementing one of the most important infrastructural projects in Poland – the Baltic Pipe project, which consists in the construction of a bidirectional offshore gas pipeline connecting Poland and Denmark and the expansion of the local transmission network including three compressor stations.

TRANSGAZ is the technical operator of the National Gas Transmission System (NTS) and ensures the fulfillment under conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness of the national strategy on domestic and international natural gas transmission, natural gas dispatching, as well as research and design in the field specific to its business, in compliance with the requirements of the European and national legislation and the quality performance, environment and sustainable development standards..

With a tradition of over 107 years, TRANSGAZ operates a network of over 13,980 km of natural gas transmission pipelines, of which BRUA gas pipeline phase 1 project - co-financed by the European Union with a grant of approximately Euro 180 million and commissioned in November 2020 - represents 479 km.

With its commissioning, Romania connects to the regional transmission corridors and will be able to ensure its gas supply from new sources, which will better meet the existing domestic market demand and will lead to a higher level of predictability and energy security. BRUA phase 1 also represents a way for the potential Black Sea gas production to access the European markets.

BRUA Phase 1 is a key step in the development of the National gas Transmission System and allows for the provision of transmission capacities and bidirectional gas flows between the interconnections with Bulgaria and Hungary. For the next decade, the plan prepared by TRANSGAZ and approved by ANRE for the development of the NTS contemplates strategic investment projects estimated at over Euro 4.1 billion.

TRANSGAZ is a company listed on Bucharest Stock Exchange, with the symbol TGN, to the Premium category.