

Financial support of the European Union for the construction of the Gas Interconnection Poland-Lithuania (GIPL)

The Polish transmission system operator, Gas Transmission Operator GAZ-SYSTEM S.A., and the Lithuanian transmission system operator, AB Amber Grid, signed a trilateral agreement with the EU Innovation Network Executive Agency - INEA regarding the financial aid of the EU for the measure entitled "Construction of Gas Interconnection Poland-Lithuania (GIPL) including supporting infrastructure". On the basis of the agreement, the project was awarded EU financial support, under the Connecting Europe Facility (CEF), to the amount of EUR 295.4 million.

From the whole amount of financing, up to EUR 55 million was allocated to AB Amber Grid, whereas up to EUR 240.3 million will be received by GAZ-SYSTEM S.A. The total estimated value of construction works of the Gas Interconnector Poland-Lithuania will amount to EUR 492.2 million.

In May 2015, the project was already awarded the financial support of the European Union under the CEF instrument for planning and design work, including the obtainment of necessary permits for the implementation of the project, to the amount of EUR 10.6 million.

The GIPL project is aimed at the integration of gas markets in the Baltic States, with common gas market of the European Union, diversification of the sources of gas supply, as well as an increase of security of its supplies. Due to this reason, the project was recognized by the European Commission as one of the key projects in the area of infrastructure providing security of supplies, being of significant importance for the energy security of the EU. On 14 October 2013, the European Commission granted to the Gas Interconnection Poland-Lithuania project the status of a common-interest project (PCI).

The GIPL project is implemented by the Polish and Lithuanian transmission system operators GAZ-SYSTEM S.A. and AB Amber Grid.

Common preparatory work for the implementation of the GIPL Project started already in 2010. In 2011, an analysis of the GIPL business environment was developed, and between 2012-2013 the feasibility study of the GIPL project was prepared. Procedures connected with the evaluation of the impact of the undertaking on the environment in the territory of Poland and Lithuania started in 2013.

In June 2015 GAZ-SYSTEM S.A. and in July 2015 AB Amber Grid signed the agreement with the design contractors selected under the public bids on the preparation of complete project documentation for the construction of GIPL on the respective territories and started GIPL design works. The Environmental Impact Assessment is finished in August 2015 in Lithuania.

The planned transmission pipeline with a diameter of 700 mm will join compressor stations in both countries – the Lithuanian compressor station in Jauniūnai and the Polish station of Rembelszczyzna. The total length of the planned pipeline amounts to 534 km, including approx. 357 km running through the territory of Poland and approx. 177 km in the territory of Lithuania.

The estimated value of the GIPL project equals EUR 558 million, including EUR 422 million in the territory of Poland and EUR 136 million in the territory of Lithuania. In addition to EU financial support under the CEF, part of investment costs of the GIPL in Poland will be covered as a cross-border compensation from Lithuania, Latvia and Estonia.

It is anticipated that the GIPL interconnector will be operational from the beginning of 2020.