DRUSKININKAI CASE MODEL – THE TURNING POINT FOR SMALL-SCALE LNG APPLICATION IN LITHUANIA
Lietuvos Energija (LE) Group structure

Ministry of Finance of the Republic of Lithuania

Power generation | Renewables | Distribution (DSO) | Energy supply

Lietuvos energija (LE) Group structure

Shared Services (IT, HR, Accounting, Procurement, Legal, Communication)

merger in 2019
LE Group key figures 2018

**COMPANIES**
- 24 companies in LE Group

**REVENUES**
- Revenues in 2018 – above EUR 1.3 billion

**CLIENTS**
- More than 1.6 M clients in Lithuania

**EMPLOYEES**
- We have more than 4000 employees

**ENERGY PORTFOLIO**
- 1 TWh power production
- 6 TWh power sales
- 11 TWh natural gas sales

Revenues in 2018 – above EUR 1.3 billion
LET natural gas activities

Regulated activity:
LNG for constant terminal operations

- Designated supplier (10 years) – entity of strategic importance to national security
- Long-term contract with Equinor ASA up to 2024
- Annual delivered volume 3.8 TWh (4 LNG cargoes per year)

Commercial activity:
Gas supply and trading

- Leading gas supplier to businesses
- Leading gas supplier to households
- Gas sales in other Baltic countries

Commercial activity:
LNG trading

- SPOT LNG purchases
- SPOT LNG sales
- Master Trade Agreements with 12 global LNG suppliers

Commercial activity:
SSLNG development

- Offshore LNG (reloading)
- Onshore LNG (truck loadings)

Other business areas

- Designated supplier (10 years) – entity of strategic importance to national security
- Leading gas supplier to businesses
- Leading gas supplier to households
- Gas sales in other Baltic countries
- Master Trade Agreements with 12 global LNG suppliers

Commercial activity:
LNG for constant terminal operations

- Leading gas supplier to businesses
- Leading gas supplier to households
- Gas sales in other Baltic countries
Natural gas market in Lithuania

Lithuanian natural gas consumption 2010 – 2018 (TWh)

- 2010: 31.8
- 2011: 35.1
- 2012: 34.2
- 2013: 28
- 2014: 26.6
- 2015: 26.5
- 2016: 23.7
- 2017: 24.4
- 2018: 22.4

Lithuanian natural gas import structure 2014 – 2018 (%)

- 2014: 100% Pipeline gas, 17% LNG
- 2015: 83% Pipeline gas, 17% LNG
- 2016: 43% Pipeline gas, 57% LNG
- 2017: 51% Pipeline gas, 49% LNG
- 2018: 61% Pipeline gas, 39% LNG
New opportunities for SSLNG development in Lithuania (onshore sales)

<table>
<thead>
<tr>
<th></th>
<th>2017 Q4</th>
<th>2018</th>
<th>2019 Q1</th>
</tr>
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<tbody>
<tr>
<td>Export</td>
<td>3.2</td>
<td>15.3</td>
<td>17.8</td>
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<tr>
<td>Local</td>
<td>13.4</td>
<td>20</td>
<td>52.8</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>35</td>
<td>71</td>
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GWh
Off-grid market in Lithuania

Alternatives of supply

I alt 4,6 mln. Eur. 2021m.

II alt 5,0 mln. Eur. 2019m.

III alt LNG re-gas unit 2018m.

GIPL (Gas Interconnection Poland – Lithuania)
## Druskininkai – icebreaker in Lithuanian LNG re-gas market (first year of operations)

<table>
<thead>
<tr>
<th>Before 2018</th>
<th>Status quo</th>
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<tbody>
<tr>
<td><strong>Local grid (disconnected from national distribution system)</strong></td>
<td>Temporary LNG re-gas infrastructure well established</td>
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<td><strong>The only source of supply (pipeline from the Belarus)</strong></td>
<td>Diversification of sourcing settled</td>
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<tr>
<td><strong>High natural gas prices (the highest in Lithuania)</strong></td>
<td>Security supply implemented</td>
</tr>
<tr>
<td><strong>1000 users disconnected (by choice)</strong></td>
<td>2,800 household clients 8 business clients New ones approaching</td>
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The Plan: Sustainable value added services at a market responsive pricing

<table>
<thead>
<tr>
<th>The milieu</th>
<th>The imperative</th>
<th>The success</th>
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<tbody>
<tr>
<td>Supply and demand</td>
<td>Supply efficiency</td>
<td>Reliability and sustainability</td>
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<tr>
<td>Competitiveness</td>
<td>Operational flexibility</td>
<td>Value driven partnerships</td>
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<tr>
<td>Legal environment</td>
<td>Technological capacity</td>
<td>Constant innovations</td>
</tr>
<tr>
<td>Additional resources</td>
<td>Continuous enhancements</td>
<td>Customer a winner</td>
</tr>
</tbody>
</table>
Main benefits of SSLNG value chain the Baltic region

- Availability and reach
- Clean fuel
- Scalable projects
- Market competition
- Lower prices
- Supply security

Higher usage of clean fuel
Market competition and lower LNG prices
Increased market reach and regional exports