

Press Release

Nord Stream 2 Withdraws the 2017 Territorial Waters Route Application in Denmark

> The second and third applications for routes north-west and south-east of Bornholm international waters remain unchanged

[Zug, Switzerland – 28-Jun-19] Nord Stream 2 has withdrawn its application for the route through Danish territorial waters south of Bornholm in Denmark, thus terminating a more than 2-year lasting procedure. A formal notice letter was handed to the Danish Energy Agency today. “We felt obliged to take this step because in more than two years since we filed this application, the former Danish government has not given any indication of coming to a decision”, explained Matthias Warnig, CEO of Nord Stream 2. “But both Nord Stream 2 and our investors need legal certainty and protection of legitimate expectations, which means a transparent and predictable decision-making process, especially against the backdrop of the advanced construction progress in the waters of the four other countries through which the pipeline stretches.”

The procedure on handling the application for the route north-west of Bornholm has been completed and shown that all technical and environmental prerequisites can be fulfilled, and a consent to the route as envisaged by UNCLOS1982 can be granted. The application for south-east of Bornholm is still being processed, but the public hearing recently held has also demonstrated no significant environmental and technical concerns. Therefore, Nord Stream 2’s focus is now on these two routes. Nord Stream 2 will continue to work constructively with the Danish authorities to ensure the timely consent for a route on the continental shelf.

The withdrawal of the original application is necessary to protect Nord Stream 2’s shareholder and the European investors from Austria, France, Germany and the Netherlands against the risk of further delays and financial losses. As the EU’s domestic gas production is expected to halve by 2035, more imports will be needed. Therefore, the timely completion of Nord Stream 2 will contribute to a secure energy supply and stable gas prices for European consumers, as well as helping reduce CO₂ emissions by enabling natural gas to replace more polluting coal in power generation.

The history of the Nord Stream 2 permitting procedure in Denmark

More than 2 years ago, Nord Stream 2 submitted the Environmental Impact Assessment (EIA) and application for the route through Danish territorial waters which follows the proven route of the existing Nord Stream pipeline preferred by the Danish authorities. Subsequently the Continental Shelf Act was amended giving the Minister for Foreign Affairs the right to veto the laying of pipes in territorial waters based on national and international considerations, meaning that



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the Minister has to give a recommendation on the application – positive or negative - prior to handling by Danish Energy Authority (DEA). Such recommendation has been pending since January 1, 2018, when the new law came into force. Even until today, there has been no indication as to when this process would end and thereby when a permit could be granted by DEA.

Nord Stream 2 also have two further pending applications and EIAs – one with a route north-west of Bornholm submitted in August 2018 and one with a route south-east of Bornholm submitted in May this year. Both of these routes are fully within the Danish exclusive economic zone, outside of Danish territorial waters. Consequently, a recommendation from the Minister for Foreign Affairs is not required and the decision on the consent to the route is only subject to an open handling process in accordance with the United Nations Convention on the Law of the Sea, known as UNCLOS, whereby the authorities must allow the laying of pipes taking into consideration the environment and ship traffic safety.

About Nord Stream 2

Nord Stream 2 is a planned pipeline through the Baltic Sea, which will transport natural gas over some 1,230 km from the world's largest gas reserves in Russia via the most efficient route to consumers in Europe. Nord Stream 2 will largely follow the route and technical concept of the successful Nord Stream Pipeline. The new pipeline will have the capacity to transport 55 billion cubic metres of gas per year, enough to supply 26 million European households. This secure supply of natural gas with its low CO₂ emissions will also contribute to Europe's objective to have a more climate-friendly energy mix with gas substituting for coal in power generation and providing back-up for intermittent renewable sources of energy such as wind and solar power.

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