

Press Release

Nord Stream 2 Receives Permit for German Territorial Waters

- > **Stralsund Mining Authority issues planning approval for the construction and operation of the Nord Stream 2 Pipeline**
- > **Important milestone in the permitting process**

[Stralsund, Germany/Zug, Switzerland – 31-Jan-18] Nord Stream 2 AG today received the construction and operation permit for the planned pipeline in German territorial waters and the landfall area in Lubmin, near Greifswald. The Stralsund Mining Authority issued the official approval for this approximately 55-kilometre-long section of the pipeline in accordance with the Energy Industry Act (EnWG).

“This permit is the result of an extensive planning and consultation process. Nord Stream 2 is aware of its responsibility towards this sensitive natural habitat and has taken this into account in the planning phase. In addition to the environment, these considerations also include the interests of other parties concerned, such as the shipping and tourism industries,” said Jens Lange, Permitting Manager Germany at Nord Stream 2 AG. “This permit is an important milestone in the complex permitting process for the project as a whole.”

In early November 2017, Nord Stream 2 received the Stralsund Mining Authority’s approval of mining activities for the Nord Stream 2 Pipeline in the area of the German continental shelf (equivalent to the German Exclusive Economic Zone, or EEZ). This is a necessary precondition for the Federal Maritime and Hydrographic Agency (BSH) to issue its permit for the German EEZ, which is expected in the first quarter of 2018.

The national permitting procedures in the other four countries along the route – Russia, Finland, Sweden and Denmark – are also proceeding as planned. Nord Stream 2 has fulfilled all requirements and expects the permits to be issued in time for the scheduled start of construction in 2018.



About Nord Stream 2

Nord Stream 2 is a planned pipeline through the Baltic Sea, which will transport natural gas over 1,200 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 design of the successful Nord Stream pipeline. With Europe's domestic gas production projected to halve in the next 20 years, Nord Stream 2's twin pipeline system will help Europe to meet its future gas import needs, with 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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Facts and Figures: Nord Stream 2 – Status January 2018

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1. Status of Permitting Process

- > The permit processes are ongoing according to schedule in all countries whose approval is required for the construction and operation of the pipeline (Russia, Finland, Sweden, Denmark and Germany)¹. Nord Stream 2 expects to receive all permits in time for the start of construction in 2018.
- > The adoption of new legislation means that Denmark could prohibit the construction of the pipeline in its territorial waters. Route alternatives are being developed for this scenario. Nord Stream 2 is pursuing the existing application for the currently planned route, as it is the optimal alignment based on environmental and safety considerations and follows the route of the Nord Stream Pipeline route that was developed with the guidance of Danish authorities.

2. Status of Investments

- > Nord Stream 2 has already awarded contracts for a total investment volume of approximately 4.7 billion euros. This includes all major contracts such as pipe production, logistics, pipelay vessels and large components.
- > Over 70 percent of the approximately 200,000 required pipes have been produced, with about one-third being ready for pipelay in storage yards at various locations along the Baltic Sea coast.
- > Over 670 companies from 25 countries are involved in investments for the project.

3. Climate and Environmental Protection

- > Nord Stream 2 is a prerequisite for meeting climate targets.
- > Using the entire annual capacity of Nord Stream 2 instead of coal in power generation would reduce yearly CO₂ emissions in that sector by 160 million tonnes. This is equivalent to the emissions of 30 million cars or the combined emissions of Sweden, Finland and the Baltic States.
- > Compared to the regasification and transport of an equivalent amount of liquefied natural gas (LNG)², which would require 600 to 700 tanker loads, transporting gas via Nord Stream 2 saves up to 45 million tonnes CO₂ per year.

¹ Nord Stream 2 Website, 2018, "Permitting and Consultation" "Genehmigungen und Konsultationen", Link: <https://www.nord-stream2.com/environment-permitting/permitting-and-consultation/>

² ThinkStep, 6 April 2017, "Carbon Footprint of Natural Gas Transport", Link: <https://www.thinkstep.com/content/resource-report-carbon-footprint-natural-gas-transport>



4. Gas Demand

- > There is consensus among experts that Europe will face an import gap of 120 billion cubic metres³ over the next 20 years. This will need to be filled by pipeline gas supplied via Nord Stream 2 as well as by LNG.
- > Russian gas has had an approximately 30-percent share in EU energy consumption over the past years.⁴ This is unlikely to change significantly in the future, since Nord Stream 2 can only supply part of the additional imports required in the EU.
- > The existing Nord Stream Pipeline is operating at 93 percent of capacity.⁵

5. Status of Debate at EU Level

- > The Legal Services of the EU Commission⁶ and Council⁷ have deemed the Commission's proposals regarding the applicability of the Third Energy Package and a mandate for negotiations with Russia to be legally incorrect.
- > International legal and energy experts⁸, industry associations⁹ and Members of the European Parliament¹⁰ have expressed considerable doubts as to the legal conformity of the EU Commission's proposal to extend the provisions of the Gas Directive to infrastructure outside the internal market as well as the plans for an expedited legislative procedure on this matter.
- > For instance, the German Association of Energy and Water Industries (BDEW) criticised¹¹ the Commission's proposal as interfering with national competences in energy security matters and pointed to the risk of negative market effects.

6. Contacts

For further information, please visit www.nord-stream2.com.

Should you have any questions, please contact press@nord-stream2.com.

³ Nord Stream 2 AG, July 2017, "Gas Market Outlook", Link: <https://www.nord-stream2.com/en/pdf/document/90/>

⁴ Eurostat, 12 July 2017, "Main origin of primary energy imports, EU-28, 2005-2015 (% of extra EU-28 imports) YB17", Link: [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Main origin of primary energy imports, EU-28, 2005-2015 \(%25 of extra EU-28 imports\) YB17.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Main_origin_of_primary_energy_imports,_EU-28,_2005-2015_(%25_of_extra_EU-28_imports)_YB17.png)

⁵ Nord Stream AG, 16 January 2018, Press release "Nord Stream Reaches Average Utilisation of 93% in 2017 – 51 bcm delivered to the European Union", Link: <https://www.nord-stream.com/press-info/press-releases/nord-stream-reaches-average-utilisation-of-93-in-2017-51-bcm-delivered-to-the-european-union-500/>

⁶ European Commission, Legal Service communication „Legal questions regarding the Nord Stream II project (your note of 19.11.2015), Link: <https://euractiv.eu/wp-content/uploads/sites/2/2017/03/Commission-on-Nord-Stream-2.pdf>

⁷ Council of the European Union, 27 September 2017, "Opinion of the Legal Service on the Recommendation for a Council decision authorising the opening of negotiations between the European Union and the Russian Federation on the operation of the Nord Stream 2 pipeline", Link: <http://www.politico.eu/wp-content/uploads/2017/09/SPOLITICO-17092812480.pdf>

⁸ OGEL/K. Talus, 14 November 2017, „European Commission Crusade Against a Pipeline: Act Three – Lex Nord Stream 2“, Link: <https://www.ogel.org/journal-advance-publication-article.asp?key=560>

⁹ See e.g. Business Europe, 13 December 2017, Letter to EU Commission Vice-President Maroš Šefčovič concerning the proposed changes to the Gas Directive, Link: https://www.business-europe.eu/sites/buseur/files/media/public_letters/iaco/2017-12-13_mbe_letter_on_gas_directive_to_maros_sefcovic.pdf

¹⁰ Letter by 15 MEPs to the European Commission, the President of the European Parliament and Bulgaria's Prime Minister concerning the proposed changes to the Gas Directive, 10 January 2018, Link: <https://www.politico.eu/wp-content/uploads/2018/01/letter-Gas-Directive.1.pdf>

¹¹ BDEW, 8 November 2017, Press release „Kapferer: Neue Pipelines positiv für Gas-Versorgungssicherheit“, Link: <https://www.bdew.de/presse/presseinformationen/kapferer-neue-pipelines-positiv-gas-versorgungssicherheit/>