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PRESS RELEASE

**Introduction of amendments to agreements on the EU financial assistance to the Gas Interconnection Poland-Lithuania (GIPL) project**

**Lithuania's natural gas transmission system operator, AB Amber Grid, and Poland's gas transmission system operator, GAS-SYSTEM S.A., together with the European Union (EU) Innovation and Networks Executive Agency (INEA) have introduced amendments to the tripartite EU financial support agreements under the Connecting Europe Facility (CEF) for the Gas Interconnection Poland-Lithuania (GIPL) project preparatory works and construction works.**

The amendments to the GIPL project EU financial support agreements were initiated when the Polish transmission system operator, GAS-SYSTEM S.A., was faced with issues in the implementation of the GIPL project preparatory works and when it proposed making changes in the originally projected gas pipeline routing in the Polish territory. As a result, respective changes had to be introduced to the original GIPL project scope in the Republic of Poland and the project implementation timelines. In the light of this, the Government of the Republic of Lithuania in autumn 2016 decided to postpone the GIPL project part in the Republic of Lithuania completion date to 31 December 2021.

According to the recent Amendment to the Agreement on the GIPL project construction works, the maximum amount of the EU financial support allocated to AB Amber Grid has increased from the original amount of EUR 55 million to EUR 58 million. The project completion date was extended until 31 December 2021. The maximum amount of the EU financial support to the GIPL project preparatory works allocated to AB Amber Grid remains unchanged and amounts to EUR 2.5 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 regional importance the European Commission granted to the GIPL project the status of a common interest project (PCI).

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

The 700 mm diameter gas transmission pipeline will connect gas compressor stations in Jauniūnai (Lithuania) and in Hołowczyce (Poland). The total projected length of GIPL is approximately 534 km, approximately 357 km will be in the territory of Poland, and approximately 177 km will be in the territory of Lithuania. The exact length of the pipeline will become clear in 2017 after GAZ-SYSTEM S.A. will finish technical feasibility study of the new route of GIPL.

Part of investment costs of the GIPL in Poland will be covered as a cross-border compensation from Lithuania, Latvia and Estonia.

*Background Information on AB Amber Grid*

*The natural gas transmission system operator, AB Amber Grid, ensures reliable and safe natural gas transmission (transportation through high-pressure gas pipelines) to system users and the operation, maintenance and development of the natural gas transmission infrastructure facilities. Shares of AB Amber Grid are listed on the Secondary List of the Stock Exchange NASDAQ Vilnius.*

*AB Amber Grid's control stake is held by the parent company, UAB EPSO-G, which also controls the control stakes of the electricity transmission system operator, AB LITGRID, and the energy exchange operator, UAB BALTPPOOL. UAB EPSO-G, which is 100-percent controlled by the Ministry of Energy of the Republic of Lithuania, is in charge of the implementation of Lithuania's gas and electricity infrastructure strategic development goals, projects for the integration into the EU energy markets, and seeks to implement the EU Energy Union goals.*

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