

Dumrea Underground Natural Gas Storage

Project Financing

EBRD	Loan	€ 30,000,000
Other Sources	Other Sources	€ 28,400,000
WBIF	Grant	WB20-ALB-ENE-01 € 1,005,000
Anticipated WBIF TA Grant	External Grant	€ 1,370,000
Anticipated WBIF INV Grant	External Grant	€ 14,600,000
Total		€ 75,375,000
Total Grants		€ 1,005,000
Total Loans		€ 30,000,000

Project Description

Albania, Kosovo and Montenegro are the only countries in Europe that are not connected to interstate gas transmission systems. The gas sector in Albania has been steadily diminishing; domestic gas production has declined from 1 bcm in 1982 to 0.01 bcm in recent years. Generally, it can be concluded that the majority of the existing gas pipelines are old and/or in poor condition, which does not make it feasible to repair these pipelines and almost an entirely new or rebuilt gas transmission and distribution system is required. Except for the refurbished pipeline from Delvina gas field to the refinery in Ballsh, the gas infrastructure is non-operational and would require rehabilitation before coming operational.

The main objective of this project is to contribute to the long-term development of Albania's gas system, improving the gas supply for the country, through the construction and operation of the underground natural gas storage in Dumrea Area (UGS Dumrea). These investments will complement the gas supply originating from the Middle East and Caspian Region via the Trans Adriatic Pipeline (TAP). The Albanian power sector would benefit from the addition of an off-peak generation capacity that would be available on demand, in order to supplement hydro production in periods of unfavourable hydrological conditions.

According to the Gas Master Plan (GMP) for Albania, under a natural gas scenario for energy consumption, its full implementation will lead to a potential gas consumption in Albania by 2040 of total 927 mcm in the residential, service and industrial sectors and 684 mcm for anchor consumers. Implementing the Albanian GMP will increase the natural gas component in the Albanian TPES from 0.4% to 28%% in 2040 compared to the Base Line, or expressed in energy from 18 ktoe (210 GWh) in 2013 to 1,371 ktoe (15,950 GWh) in 2040.

In addition, starting from 2030, electricity imports are not needed anymore if the planned three gas fired CCGT's (included in the GMP) are implemented, and Albania will have excess capacity for exporting electricity. Also, the GMP ascertains that availability of known gas reserves is not the main upstream issue for gasification of Albania. The key issue is whether there will be sufficient investment in the infrastructure to bring the gas to market and the economic viability of such investments. Gas to pass through TAP and then an Albanian network and fill the storage capacity could come from the Caspian basin. However, given the both the TAP and IAP will have reverse flow capabilities, gas could virtually come from anywhere. In addition, while TAP's present capacity is fully booked, it could be doubled subject to the confirmation of additional demand

following market tests. Actually, the projects TAP and IAP plan to lay down two major natural gas pipe-lines throughout Albania, transiting natural gas back and forth in the E-W direction via the Trans-Adriatic-Pipeline (TAP) and also in the N-S direction via Ionian-Adriatic Pipeline (IAP).

- **Countries:** Albania
- **Code:** PRJ-ALB-ENE-014
- **Sector:** Energy
- **Lead IFI:** EBRD
- **Status:** Preparation
- **Beneficiary:**