Transmitting energy.

PROJECT IN BRIEF

The Finnish state has asked Gasgrid Finland Oy to investigate the addition of an LNG floating terminal vessel (FSRU) as an alternative to Finnish gas import. At the same time, the LNG floating terminal would serve the needs of the Baltic Sea region more widely. In practice, an LNG floating terminal is a terminal anchored in a port, where liquefied natural gas is re-vaporized into gas and fed into the gas transmission network. The LNG terminal is anchored to the port structure and a pipe passes from the port to the end destination, i.e. the gas network, for example. The LNG for the terminal vessel is delivered by tankers from the global market.

Port structures will be built for the LNG floating terminal vessel on the coasts of Finland and Estonia, ensuring security of supply in the event of long-term disruptions of gas supplies in both countries. If the construction work is completed first in Estonia, the terminal vessel will be located there to await the completion of the Finnish port structures. The vessel's permanent location will be in Finland.

The vessel project is absolutely essential for the security of supply and therefore also extremely urgent. The project will be implemented on an exceptionally fast schedule and will proceed as planned and in good co-operation with various parties: we will proceed in stages and provide more information as the process progresses.

THE IMPORTANCE OF THE LNG FLOATING TERMINAL

As Finland does not have its own production or reserves of natural gas, we are dependent on its imports. Gas is mainly needed for industrial processes, heavy transport and the cogeneration of electricity and heat. In process use, gas is, among other things, a secure and cost-effective form of energy.

The Balticconnector interconnector pipeline, which was commissioned in 2020, connects the Finnish and Estonian gas networks. During 2022, the Hamina LNG terminal will be completed, through which LNG cargo shipped with the help of smaller tankers can be fed directly into the Finnish gas transmission network.

The lease of the terminal vessel will enable Finland to break out of its dependence on Russian pipeline gas. Ensuring security of supply in the event of uncertain and unpredictable situations is paramount. The fastest solution to ensure Finland's security of supply and the continuity of gas supplies in all different scenarios is an LNG floating terminal. The ship secures Finland's energy supply for both industry and households for a long time and is therefore an important project for the whole of Finland.

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LNG FLOATING TERMINAL PROJECT

TIMELINE

On 7 April 2022, the Finnish Government's Ministerial Committee on Economic Policy approved measures to lease a large LNG floating terminal in co-operation with Estonia.

Based on preliminary reviews, the terminal will be built on market terms on a commercial basis by a subsidiary of Gasgrid Finland Oy.

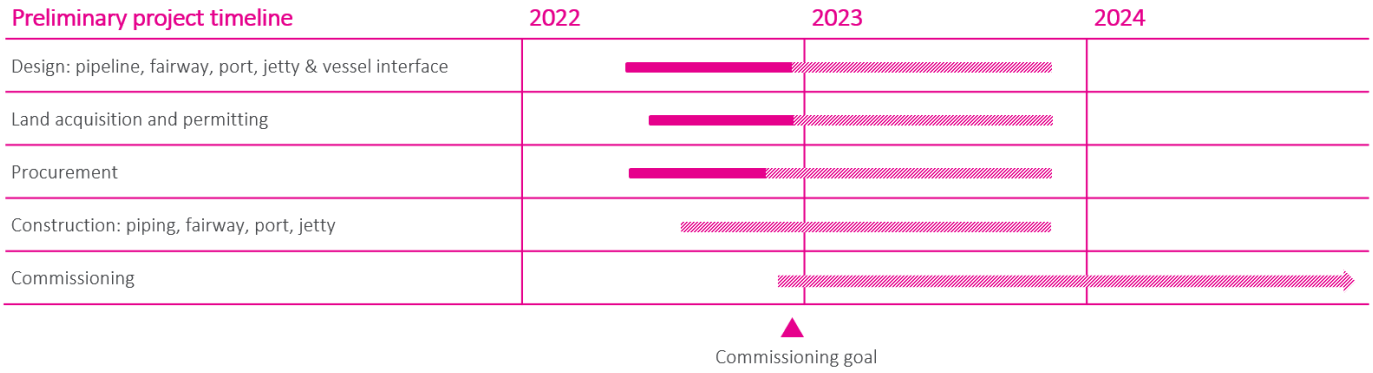
Construction will begin as soon as possible in 2022.

Commissioning of the LNG floating terminal will be between Q4/2022 and Q4/2023.

On 4 May 2022, Gasgrid Finland Oy and Elering AS signed a cooperation agreement on the practical implementation of leasing an LNG floating terminal (FSRU).

The decision on the location of the terminal will be made in May 2022.

Port structures will be completed in Finland by the end of the year at the earliest, providing that there are no delays in the permit processes or construction required by the project. The situation regarding the schedule and usability of the Estonian port facilities is under examination.



LNG FLOATING TERMINAL IN FACTS

- The LNG floating terminal coming to Finland is 291 meters long and 43 meters wide. It has a volume of approximately 151,000 cubic meters, corresponding to approximately 68,000 tonnes of LNG, liquefied natural gas, when fully loaded. This means approximately 1,050 GWh of energy content.
- The vessel's evaporation capacity is 140 GWh/day and even more than 40 TWh per year.
- The vessel's evaporation capacity exceeds Finland's annual natural gas demand, which has historically been approximately 25 TWh per year.
- The significant capacity of the terminal serves the gas market in the entire Baltic Sea region via the Balticconnector interconnector pipeline.
- When the LNG terminal ship arrives fully loaded, it is anchored to the port structure, after which the liquefied natural gas is re-vaporized onboard. The gas is then fed to the existing gas network via a connecting pipeline in the port structures. After commissioning, LNG is delivered to the terminal vessel by separate tankers. One unloading takes approximately a day.
- Natural gas is mostly used in industry and energy production, as it is more environmentally friendly than, for example, coal or fuel oil.
- Compared to coal, natural gas emits 40 per cent less CO2 emissions.
- Natural gas currently accounts for 5 per cent of Finland's total energy consumption. In addition, LNG is already used in shipping and heavy transport.
- A quarter of the natural gas needed by Finland was imported via the Balticconnector interconnector pipeline in 2021 and a third in 2020.
- The total cost of the LNG floating terminal project is estimated at EUR 460 million under a 10-year lease. In addition, there will be costs related to the volume of use.

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More information and pictures about the project can be found on the Gasgrid website under projects.

www.gasgrid.fi

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