

New access regime – regulations of the upstream pipeline network

- Gas transportation is characterised by high initial expenditures and relatively low operational costs. Transportation of natural gas in pipelines has economics of scale – thus the characteristics of a natural monopoly. And consequently, the authorities regulate the rate of return in pipelines.
- The termination of the Gas Sales Committee (GFU) and the change to company-based sales and transportation of gas and the implementation of the Gas Market Directive in the national legislation made it necessary to change the current capacity management system. In addition, a uniform ownership structure facilitates the establishment of a streamlined capacity management system that will contribute to a more efficient utilisation and development of the transportation system.
- The new regulations establish the principles of the new access regime. The Ministry continues to regulate the gas transportation so that profit is taken out on producing fields and not in the transportation system.
- Access to capacity is subject to a need for transportation of natural gas. To ensure efficient resource management, the transportation rights are transferable if shippers' needs change.
- Gassco operates the upstream pipeline network and co-ordinates the process for further development of it.
- Gassco, as a neutral operator, organises the capacity management.
- The tariffs for the uniform ownership (Gassled) are determined in the regulations.
- The new access regime is neutral for users who have a need for transportation of gas and it reduces the transaction costs related to transport. This will simplify company-based sales and transport from the Norwegian Continental Shelf (NCS).

A uniform ownership structure - Gassled

- The interdependence of the different pipelines and treatment facilities necessitates an overall management. Gassco, established as neutral operator of the infrastructure, ensures that this is realised.
- The Storting, the Norwegian Parliament, asked for the establishment of a common ownership structure.
- Gassled constitutes of the following pipelines and treatment facilities: Zeepipe, Europipe, Europipe II, Franpipe, Statpipe (included the transport related installations at Kårstø), Vesterled, Oseberg gastransport, Åsgard transport, Norpipe and the terminals in St. Fergus, Zeebrugge, Dunkerque, Dornum and Emden.
- The Norwegian upstream pipeline network is the greatest offshore gas transportation system in the world, comprises more than 6000 km of pipelines from the Norwegian Continental Shelf onshore to Norway, United Kingdom and

the Continent, is connected to more than 40 installations, and carries 12% of the European gas consumption. The greater parts of this are included in Gassled.

- Gassco is the operator for Gassled.
- Gassled has the highest NGL production in Europe at its installations at Kårstø and is number 3 globally.
- The organisation of the gas transportation activities in one ownership opens up for more efficient operation and development of the gas transportation system.
- The Gassled licence expires in 2028.

- The participating interests in Gassled effective from 1 January 2003 (initial ownership) are:

Petoro AS	38,293%
Statoil ASA	20,379%
Norsk Hydro Produksjon a.s	11,134%
TotalFinaElf Exploration Norge A/S	9,038%
Esso Exploration and Production Norway AS	5,179%
Norske Shell Pipelines AS	4,681%
Mobil Development Norway A/S	4,576%
Norsea Gas A/S	3,018%
Norske Conoco A/S	2,033%
Norsk Agip A/S	0,862%
Fortum Petroleum AS	0,807%

- Petoro AS serves as the licensee for the SDFI – the State's Direct Financial Interest.
- Petoro's participating interests in Gassled will increase by 9,689% from 1 January 2011, and the other parties' interests are to be reduced proportionally.
- The State will have 38,293 % of Gassled up to and including 2010 and 47,928 % from 2011. When the State's interests in Norsesea Gas AS are taken into account, the State has an interest of 39,5 % in 2003-2010 and 49 % from 2011 in Gassled.
- Daily, Gassled carries about 210 million Sm³ gas, being approx. 2,3 TWh, with a sales value of 200 - 230 MNOK and 25.000 ton NGL (propane, butane, etc) with a final sales value of about 70 MNOK.
- In 2002, Norway sells about 65 billion Sm³ of natural gas. This is equivalent to 5 times the annual consumption of electricity in Norway.