ABSTRACT

Based on analysis of the research material shown Council of Ministers actions for the implementation of the project for the construction of the LNG terminal. The purpose of the article was to obtain answers to the following research questions: What are the reasons of delaying the opening of the LNG terminal in Świnoujście? In what extent the activities of the gas terminal in Świnoujście enhance the Polish energy security? After the analysis, it was found that there are several reasons for not giving to use LNG terminal in Świnoujście. One of them was and is the lack of involvement of the Polish government in this investment. Poland is still dependent on Russian natural gas. Activity of LNG terminal in Świnoujście would increase gas safety of Poland and limit its dependence on the Russian Federation.

Keywords: energy security in the field of gas, LNG terminal, the energy policy of the Council of Ministers, the consumption and demanding of natural gas
INTRODUCTION

After 1990 one of the objectives of energy policy was reducing Polish dependence on supplying of Russian natural gas. The purchase of liquefied natural gas (including from Qatar, Algeria, Nigeria) transported by sea had caused an increase in Polish energy security. Adoption of such a solution was connected to the building of terminal for receiving liquefied natural gas on the Polish coast. For the first time a concept of building the gasport appeared in Poland in the nineties. During the reign of Józef Oleksy and Włodzimierz Cimoszewicz, Polish Oil and Gas Company (PGNiG SA) began preparing the project for the construction of the LNG terminal (Liquefied Natural Gas) in Poland. Despite the completion of the project, government of Jerzy Buzek did not taken the decision to build a gas terminal, which was connected with the signing by Prime Minister Jerzy Buzek preliminary agreements with Norway and Denmark for the supply of Norwegian and Danish natural gas to Poland (Grzeszak, Ostrowski, 2006, p. 42).

Slowing down economic growth in 2001–2002, Polish and Polish-Russian implementation of the Yamal contract caused the governments of Leszek Miller and Marek Belka were not convinced about the sense of obtaining gas from other importers. It was only in September 2005, signed by the German and Russian companies contract for the construction of the Nord Stream Pipeline, called currently Nord Stream changed position of the Polish government in the issue of Polish gas safety. Building of the gas pipeline freed Germany and Russia from transit countries such as Poland, and has threatened the idea of building a pipeline linking Poland and Denmark in order to acquire Norwegian gas and safe navigation to the ports of Szczecin and Świnoujście. Launched in 2006, Russian-Ukrainian gas crisis has caused the suspension of gas supplying to customers in the European Union (EU), among other Poland. In light of these events, the Council of Ministers the Republic of Poland (RM RP) led by Prime Minister Kazimierz Marcinkiewicz decided on the building of the LNG terminal.

The aim of the article is analysing the activities of the Polish government in the implementation of the project for the building a gas terminal
in Świnoujście in the period 2005–2015. Tried to answer the questions. Firstly, what are the reasons of delaying the opening of the LNG terminal in Świnoujście“? Secondly, in what extent the activities of the gas terminal in Świnoujście enhance the Polish energy security? In order to obtain answers for above questions used comparative method, decision-making and institutional-legal.

The literature related to government policy in the building of the LNG terminal as one part of the Polish energy security does not belong to the rich. These works are of political science and economic. It is worth to mention scientific papers, inter alia, by Krzysztof M. Księżyński (Księżopolski, 2013), Ewelina Kochanek (Kochanek, 2007), Andrzej Ranke (Ranke, 2013), Szczepana Stempińskiego (Stempiński, 2013).

THE ACTIVITIES OF THE POLISH GOVERNMENT FOR THE BUILDING OF AN LNG TERMINAL IN ŚWINOUJŚCIE

Poland has insufficient gas reserves to meet its needs, so was and is dependent on imports of natural gas from the Russian Federation. In 2005, natural gas consumption in Poland was 14 billion m³ From domestic deposits extracted 4.3 billion m³ of raw material, and 9.7 billion m³ of natural gas was imported, including 6.3 billion m³ from the Russian Federation (Kaliski, Nagy, Rychlicki, Siemek, Szurlej, 2010, p. 31). These data show that there was a lack of diversification of gas supplies to Poland. About the security of gas we could speak when Poland would buy from one exporter not more than 30% of natural gas. In such a situation were and are, inter alia, Germany, France.

Polish dependence on Russian gas, and the emergence of threats for energy security of Poland in 2005/2006 caused that the Polish government began to look for solutions to improve the gas security of country. Guaranteeing energy security of Poland was a priority for government policy of K. Marcinkiewicz1. In November 2005, the Prime Minister

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1 Marcinkiewicz government was initially a minority government of Law and Justice (PiS), established after the parliamentary elections in 2005. Since May 2006, was a coali-
K. Marcinkiewicz in the Sejm exposé announced preparation of solutions for diversification of gas supplies to Poland so as to “to the end of the term of office was decoupled from the monopoly in the import of gas for the domestic market” (Stenogramy z posiedzeń Sejmu RP. 2 meeting of the Parliament on 10th of November..., p. 8). In the document “Solidary State” the program of action the government of Prime Minister Kazimierz Marcinkiewicz Economy Minister was obliged to carry out the analysis of various investment and commercial solutions in terms of diversification of gas supplies to Poland. After the researches, the minister had to publish a report about possibilities for increasing the safety in the area of Polish gas. Marcinkiewicz government’s actions in the field of new sources of gas were to provide an opportunity to take the best decisions in order to reduce dependence on imported gas from Russia.

The Russian-Ukrainian gas crisis in 2006 accelerated the decision by Prime Minister Kazimierz Marcinkiewicz to increase energy security of Poland in the filed of gas. The Polish government decisions were related to the preparation and implementation of the concept of building an LNG terminal. In January 2006, the government adopted a resolution requiring the Minister of Economy Piotr Woźniak to carry out urgent actions needed to make investment decisions in connection with the building of a liquefied natural gas terminal. At the end of January, during the mee-
ing of the Parliament deputy economy minister Piotr Naimski informed about the works in the Ministry of Economy on the preparation of the feasibility study of the LNG terminal project. On the basis of the ministerial document was intended to decide about the location of the gas port (Stenogramy z posiedzeń Sejmu RP. 9th meeting of the RP Parliament..., p. 261). Prime Minister K. Marcinkiewicz summarizing the activities of one hundred days of his cabinet, said that the security of gas supplies to Poland is a priority of his government. In addition, he confirmed the information about the ongoing works on the analysis of the technical and financial conditions of the LNG terminal (Rząd, 2006, p. 43).

In mid-2006 the government of K. Marcinkiewicz entrusted the project for PGNiG SA LNG to building the terminal on the Polish coast, and Minister of Economy has undertaken to monitor the investment. In mid-December 2006, PGNiG SA authority decided about the location of the gas terminal in Świnoujście. Thus rejected LNG terminal location in Gdańsk. Management Board of PGNiG SA choosing Świnoujście guided by technical and economic considerations. The choice of the place decided, inter alia, the legal status of land on which planned to build LNG terminal, increased demand for gas in the near region of industrial plants (Chemical Plant Police SA), shorter route of gas supplies by the sea to Świnoujście compared with Gdańsk and the declaration of the port authorities that for they own funds will build the seaway (Grzeszak, Socha, 2007, p. 42).

Responsible for the construction of a gas pipeline Szczecin–Świnoujście was the Gas Transmission Operator Gaz-System SA (OGP Gaz-System SA). The terminal was intended to put into operation in 2011.

Established in July 2006, a coalition government (PiS, Self-Defence of Poland, LPR) Jaroslaw Kaczyński was continuing Polish energy policy in the field of gas cabinet K. Marcinkiewicz. In July 19, 2006, Prime Minister Kaczyński during a parliamentary exposé announced to take measures to ensure the country’s energy security. The government’s aim was to diversify gas supplies to Poland among others by building a LNG terminal in Świnoujście and imports of liquefied natural gas (Stenogramy z posiedzeń Sejmu RP. 22nd meeting of the RP Parliament ..., p. 168).

Due to the importance of the project of building the LNG terminal Regional Development Minister Grażyna Gęsicka inscribed it on the list of
key projects of the Operational Infrastructure and Environment Programme (Zawisza, 2011, p. 55). In March 2007, PGNiG SA established Polish LNG Sp. z o.o. (belonging to the State Treasury) responsible for the building and operation of the LNG terminal. Established company was responsible for the implementation of projects relating to the installation of equipment and facilities necessary to run and operation of the LNG terminal.

Improving the Polish security of gas for government of J. Kaczyński was an important foundation of his policy, which resulted in that he accepted the document Policy for the natural gas industry. According to the government's policy towards the gas sector had to be implemented by legislativ actions and oversight of strategic energy companies (PGNiG SA, OGP Gaz-System SA). One of the tasks of the government to improve the gas security of the state was building an LNG terminal and ensure long-term supplies of liquefied natural gas to Poland (Paszewski, 2011, p. 22, 23). The Minister of Economy (in cooperation with PGNiG SA and OGP Gaz-System SA) undertook to produce a list of legal barriers that may occur during the construction of the LNG terminal and to simplify investment procedures in this regard (Minister, 2007, p. 15). The Minister of the Ministry of Economy in the government of Jarosław Kaczyński did not complying the above tasks.

Lost PiS in the parliamentary elections in October 2007 resulted in the establishment of a coalition government (Civic Platform (PO) and the Polish Peasant Party (PSL)) of Donald Tusk. A month later, President RM, Polish Parialement Tusk in esposa announced plans for the correction on the diversification of energy supplies, the implementation of which began during the reign of J. Kaczynski. Continuation of works related to the building of LNG terminal in Świnoujście was not included in the government program of D. Tusk (Stenogramy z posiedzeń Sejmu RP. 2nd meeting of the Parliament on 23rd of November..., p. 10).

For the first two years of operation of Donald Tusk government works related to building a LNG terminal slowed down. The lack of effective legislative solutions of government on the elimination of barriers ena-
bling the building of a gas terminal in Świnoujście delayed this project. In August 2008, RM the Republic of Poland adopted a resolution requiring the Minister of the State Treasury to make decisions in order to implementing the construction of a gas terminal in Świnoujście. One of them was the sale for the company OGP Gaz-System SA shares (held by the State Treasury) in the company Polish LNG Sp. z o. o. In addition, on the basis of a resolution RM of the Republic of Poland, the Ministry of State Treasury took over from the the Minister of Economy competencies related to the implementation of the construction the LNG terminal. In December 2008, OGP Gaz-System SA purchased from PGNiG SA 100% shares in Polish LNG Sp. z o.o. Following the transaction, OGP Gaz-System SA became the formal executor and the owner LNG of terminal (Najwyższa Izba Kontroli, 2015, p. 13). Since August 2008 to January 2009, the Minister of the State Treasury did not take an action to improve procedures for the preparation of investment on gas terminal in Świnoujście.

The situation changed in early 2009. As a result of another Russian-Ukrainian gas crisis stopped the supplying of Russian gas to Poland. Polish dependence on gas imports from Russia triggered by the government of Donald Tusk steps to speed up the building of the LNG terminal in Świnoujście. The government planned completing the investment at the 2013–2014. In February 2009, the Ministry of the State Treasury prepared a draft law on investments in regasification terminal for liquefied natural gas in Świnoujście6. Adopted by RM of the Republic of Poland project of resolution was the subject of parliamentary debate. During the works of the Parliamentary Committee of the State Treasury sought amendments to the government resolution. In favor of the draft of the investments in regasification terminal for liquefied natural gas in Świnoujście voted all present members – 415 (Ustawa z dnia 24 kwietnia…). The Senate of the

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6 The adoption by the Parliament a draft law on investments in regasification terminal for liquefied natural gas in Świnoujście was to speed up and streamline the planning processes, preparation, implementation and financing of investments in LNG terminal. The draft law also concerned accompanying the investment necessary for the operation of the LNG terminal (such as transmission lines, underground gas storage facilities) (Sejm, 2009, p. 1–3).
Republic of Poland did not bring amendments to the resolution passed by the Sejm.

Result of the vote showed that in the issues concerning the Polish raison d'état, which was the Polish energy security through the building of a gas terminal in Świnoujście there was no political divisions in the Polish parliament. The unanimous adoption by the parliament of the law testified that increasing in the field of national security of gas by running a gas terminal in Świnoujście was a right investment decision, with the aim of reducing dependence of Poland from Russian gas.

At the end of June 2009 as a result of long negotiations PGNiG SA (responsible for entering contracts for the supplying of gas to the LNG terminal) and Qatari firm Qatargas Operating Company (Qatargas) signed an agreement on the terms of sale and delivery of liquefied natural gas to Poland. The parties agreed that the raw material will be supplied to Poland in the size of 1.5 billion m³ per year for 20 years from 2014. The LNG terminal in Świnoujście in a year will be able to collect 5 billion m³ of liquefied gas, which provides for the possibility of its expansion to 7.5 billion m³. Therefore, in the near future the PGNiG SA will have to contract liquefied gas in an amount of 3.5 billion m³.

At the same time, when signed of a contract for the supplying of gas, began the procedure of choosing General Contractor of Investment (GRI). This choosing lasted for a year. In July 2010, Polish LNG SA\(^7\) concluded an agreement with the Italian-French-Canadian consortium (with the participation of Polish construction company PBG SA) for the development of project, construction and commissioning to use the LNG terminal. The leader of an international consortium being a building the project contractor LNG terminal in Świnoujście was the Italian company Saipem (Omachel 2014, p. 64). The construction of the LNG terminal in Świnoujście valued for nearly 3 billion zl. A consortium with Polish companies offered the lowest price for building LNG terminal\(^8\). Means of funding for the implementation of the investment were derived from

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7 Since January of 2010. Polish LNG were operating as SA.

8 Korean consortium Daewoo priced building an LNG terminal in Świnoujście for over 3 billion zl, while the Italian-French consortium involving Polymer-Mostostal at nearly 3.5 billion zl. (Duszczyk, 2010, p. 16).
a variety of sources, including the contribution from the OGP Gaz-System SA (1 billion zl), from the EU funds – the European Energy Programme for Recovery, the Operational Programme “Infrastructure and Environment” (about 900 million zl), with loans given by the European Bank for Reconstruction and Development, European Investment Bank, commercial banks (1.1 billion zl) (Sejm, 2010, p. 1). Giving the LNG terminal in Świnoujście to use planned for 30th of June 2014.

November 10, 2009, the government of D. Tusk adopted the document of Polish Energy Policy until 2030 that determined the actions of the government in the field of energy security of the country. In the field of gas safety Polish government’s priority was to complete the construction of a gas terminal in Świnoujście and to include in market conditions of contracts for the supplying of liquefied natural gas (Ministerstwo, 2009, p. 11; Żmijewski, 2010, p. 88).

Results of the elections to the parliament in October 2011, determined about the establishment by the Tusk government PO-PSL coalition. Issues related to the government’s activities in ensuring the safety of gas was not included in the policy statement of the Prime Minister Donald Tusk in November 2011. This was due to the continuation of the government’s energy policy. In 2012, the Prime Minister Tusk and Minister of State Treasury Mikołaj Budzanowski announced the commissioning of the LNG terminal in time, which was consistent with an agreement between the Polish and the consortium led by Saipem (the consortium of Saipem). In June 2012, bankruptcy by one of the subcontractors of works (Hydrobudowa SA), and then the bankruptcy of Polish PBG SA meant that adopted completion date was impossible.

In connection with the bankruptcy of PBG SA on 12th of July 2012, in the Polish Parliament held a debate on the construction of the LNG terminal. In the opinion of the Minister of the State Treasury M. Budzanowski progress of works related to the construction of LNG terminal in Świnoujście reached 23% of the planned investment and was in line with the schedule adopted by the ministry (Stenogramy z posiedzeń Sejmu RP. 18th meeting ..., p. 91, 92). According to the minister of investment completion deadline was not endangered, and the Ministry of the Treasury was performing its duties reliably in monitoring the construction of the
LNG Terminal in Świnoujście

The parliamentary opposition accused the minister (especially member of PiS Joachim Brudzinski, member of Democratic Left Alliance (SLD) Ryszard Zbrzyzny), that due to the slow progress of works related to the construction of the terminal is not feasible to complete the project within the deadline. Minister of the State Treasury did not address to some of the issues raised at the meeting of the Parliament. These questions concerned, among other things: the impacts of possible delays completion of the LNG terminal in the context of a contract signed with Qatar to supply liquefied natural gas to Poland, the profitability of import LNG after the completion of the terminal.

At the end of July 2012, the consortium of Saipem informed Polish LNG SA that will fails to comply with the terms of the construction of a gas terminal in Świnoujście. This was caused by design and legal changes that occurred during the construction of the LNG terminal. Unforeseen works raised the costs of the investment. Saipem Consortium requested from Polish party increased budget investment for 300 million zl (mean additional construction works at the LNG terminal) (Furman, 2014, p. 1). The Polish government finally granted additional funds. (Kowalski, 2015, p. 84, 85). Polish LNG SA signed an annex to the agreement with a consortium of Saipem agreed to amend the terms of the investment at the end of December 2014. Polish company signed an annex to the agreement did not ensure completion of the project within the time allowed by the obligations imposed on the GRI. In this situation, the signed annex company did not give for Polish LNG SA assurance of timely completion of the investment. Date of opening the LNG terminal in Świnoujście at the end of December 2014 was not met by a consortium of Saipem. The reasons of delaying caused by the closing of constructions works and any requests for the signing of the consortium further annex has not been given. In January 2015, the balance of completed construction works of the LNG terminal in Świnoujście was 95%.

At present it is not known when the investment in Świnoujście will be completed. The Prime Minister Ewa Kopacz did not comment this issue, as well as the Prime Minister D. Tusk in recent weeks, acting as head of government. There are serious doubts whether the LNG terminal in
Świnoujście will be put to the end of 2015\(^9\). One of the reasons are complex and time-consuming tests (tightness of gas tanks, using materials that should meet EU standards), which must be carried out before starting the terminal. Russia’s unwillingness to this investment and the relationship of company Saipem with Gazprom\(^{10}\) may cause a delay in putting into service the LNG terminal in Świnoujście. Running the Terminal will reduce Polish independence from Russian gas, and hence – will reduce the price of Russian gas exports to Poland\(^{11}\). Gazprom, fearing such a situation, it may put pressure on Saipem, which can mean extending the works in Polish gas port (Furman, Kozieł 2014, p. 2).

Delaying in commissioning LNG terminal in Świnoujście can mean big financial burden for Poland since 2015. The annual cost of the purchase of gas from Qatar was estimated to be about 1.7 billion zl. Pausing at the request of Poland the reception gas from Qatar in 2014 should be treated as a precedent. According to the contract, since mid-2015 will apply the clause “take or pay”.

**CONCLUSIONS**

On the basis of this analysis it is clear that one of the reasons for not giving to use LNG terminal was limited involvement of the Polish government in this investment. Although the construction of the LNG terminal was initiated in 2006 the Council of Ministers until 2008 did not take legislative works to eliminate barriers to enable its rapid implementation. Another factor that influenced the course of the construction of the gas

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\(^9\) Doubt about giving the LNG terminal in 2015 appeared after the publication of the weekly magazine “Wprost” in June 2014 of illegal record of the conversation of ex-ministry of Transport Minister Sławomir Nowak with an ex-deputy minister of finance and vice president of PGNiG SA Andrzej Parafanowicz (Liziniewicz, 2014, p. 5).

\(^{10}\) Saipem for many years, cooperate with Gazprom including working at the construction of the South Stream gas pipeline, Blue Stream, designin the North Stream gas pipeline (Furman, 2015, p. 6).

\(^{11}\) In the first half of 2012. Poland for Russian gas paid 526 dollars. per 1000 m³. This was the highest price for Russian gas in the EU. For example, Germany for 1000 m³ of gas from Gazprom paid 379 dollars., France – 394 (Kublik 2013, p. 27).
terminal was the bankruptcy of PBG SA and Hydrobudowa SA responsible for the execution of works. Also, the State Treasury’s decision – Polish LNG SA about choosing of a consortium (responsible for the construction of the LNG terminal) in which the largest share was Saipem cooperating for many years with Gazprom was not completely thought out. The opening of the LNG terminal in Świnoujście can compete for Russia in the gas market, among other things connected to the price of Russian gas. Even more so, that in 2015 began operating a floating LNG terminal in Klaipeda. Questionable is an agreement between the Polish part and the consortium leading by Saipem. It contained no warranty enforce the contract within the set deadline.

Further delays of the completion of the LNG terminal in Świnoujście raise the issue of payment for gas from Qatar and may result in the loss of EU funds used for the realisation of investment.

Although since 2005 in the government documents special attention was paid to ensuring diversification of gas supplies to Poland, Poland is still dependent on Russian natural gas. In 2012, natural gas consumption in Poland was 15.8 billion m$^3$, of which 4.4 billion m$^3$ of this material came from the production from domestic deposits. Poland imported at that time of 11.25 billion m$^3$ of natural gas (9 billion m$^3$ came from the Russian Federation). Natural gas consumption in Poland in 2012 compared to 2005 increased by 1.8 billion m$^3$. Signed by the government of Ewa Kopacz climate pact will reduce carbon dioxide (about 40% until 2030 compared to 2005), and thus increase the demand for natural gas, which has a high degree of ecological purity. Activity of LNG terminal in Świnoujście would increase gas safety of Poland and limit its dependence on the Russian Federation. Expansion of the LNG terminal in Świnoujście would allow the reception of 7.5 billion m$^3$ gas, or about half of the annual demanding for gas in Poland (the demand according to data from 2012). The effect of reducing dependence Poland from Russian gas supplies is also possible thanks to the increasing in gas conventional production and works on the acquisition of shale gas. Attracting new sources of raw material can affect better than hitherto Polish position in negotiations with Russia on the price of Russian gas.
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