

**Memorandum of Understanding between the Ministry of Economic Affairs and
Employment of the Republic of Finland and the Ministry of Economic Affairs and
Communications of the Republic of Estonia**

**concerning cooperation on setting up additional liquefied natural gas (LNG) supplies in
Finland and Estonia**

**The Ministry of Economic Affairs and Employment of the Republic of Finland and the
Ministry of Economic Affairs and Communications of the Republic of Estonia,
hereinafter referred to collectively as „the Participants“:**

Acknowledging:

- That the need for natural gas supplies in the whole region of Finland and the Baltic States, hereinafter “the Region”, remains high in coming years;
- That Finland and Estonia are still heavily dependent on the Russian natural gas supplies to the Region;
- That with the Russian attack on Ukraine from 24th of February 2022, the risk of Russian gas supply disruption in the Region has significantly risen suddenly and unexpectedly;
- The Region is highly vulnerable towards the disruption of gas supplies from Russia;
- That the possibilities in Finland and Estonia for further diversification for gas supplies is limited both in terms of physical capacity and trade options;
- That there is an immediate and necessary need to secure full gas supplies for Finland and Estonia as soon as it is possible.

Recognising:

- The communication from the European Commission on the package RePowerEU, according to which the European Union must end the dependency on Russian gas supplies as soon as possible and well before 2030;
- The importance of having independent gas supplies in Finland and Estonia for the economy and society to function as efficiently and prosperous as possible;
- The need for an additional gas supply route for Finland and Estonia;
- The decision made by Estonian government to stop Russian gas imports as soon as possible but not later than by the end of 2022.

Set an objective:

- To jointly charter a suitable FSRU (Floating Storage Regasification Unit) for the needs of Finland and Estonia to:
 - increase the diversification of gas supply in Finland and Estonia;
 - increase independence on Russian gas supplies with a view to phase out of the dependence on Russian gas supplies simultaneously with the added diversified gas supplies as soon as it is possible.
- To build the necessary port facilities and on shore infrastructure for the FSRU both in

- Finland and Estonia and to start preparatory works on both sites as soon as possible;
- To commission the FSRU by the end of the fourth quarter of 2022 in either Finland or Estonia, depending on which site is first ready to accommodate the FSRU for the winter period of 2022-23 and in a functionally appropriate port in Finland thereafter.
 - To decide the possibility to use FSRU at Estonian side as an emergency back-up location should it be necessary for ensuring Finnish and Estonian security of gas supply.

Have reached the following understanding:

Paragraph 1
Nature and scope of the Memorandum

(1) The Memorandum of Understanding (hereinafter – MoU) sets out a legally non-binding framework for cooperation on establishment and financing of additional gas supply routes in the Finnish and Estonian gas market as soon as possible and targeting 1st of November 2022 (hereinafter – Joint Project).

(2) The Joint Project represents port facilities and on shore infrastructures in both countries and a jointly chartered FSRU (Floating Storage Regasification Unit).

(3) The MoU outlines the roles of the Participants as well as the national Gas Transmission System Operators.

(4) The MoU records a political intent alone. The said MoU is not intended to establish any new legal commitments, or to replace or modify any existing legal obligations. The MoU confers no new powers nor implies any financial commitments, all commitments being satisfied from existing resources.

(5) The MoU is intended to remain in effect and will be limited to the scope necessary for implementation of the Joint Project.

Paragraph 2
Specifications of the Joint Project

(1) The Joint Project serves the purpose for developing a FSRU with an annual capacity of at least 30 TWh.

(2) The location of the Joint Project will be in functionally appropriate ports in Finland and Estonia, located in the vicinity of the countries' gas transmission systems and with the permanent location for the jointly chartered FSRU in Finland. However, for the winter period of 2022-23 the FSRU will be located in either Finland or Estonia, depending on which site is first ready to accommodate the FSRU.

(3) Within the Joint Project, the Participants aim to carry through all the necessary analysis that are needed for the Joint Project.

(4) The Participants aim to set a financing model of the FSRU that is based on proportional benefit of the country. However, both countries bear the costs of the port facilities and on shore infrastructure of their own territory.

(5) The national Gas Transmission System Operators of both countries will be responsible for securing the FSRU from the beginning of fourth quarter 2022.

Paragraph 3 Cooperation

(1) The Participants will co-operate to establish and maintain necessary and favourable conditions for the implementation of the Joint Project.

(2) National contact points are established to facilitate the implementation of the Joint Project and deal with any matters arising during the implementation.

(3) The national contact point of Finland is the Ministry of Economic Affairs and Employment of Finland or designated Authority by the Ministry.

(4) The national contact point of Estonia is the Ministry of Economic Affairs and Communications or designated Authority by the Ministry.

(5) The Participants will establish a steering group consisting of at least two members representing each Participant.

(6) The Participants will nominate the national Gas Transmission System Operators to prepare practical implementation of the Joint Project.

The foregoing represents the understanding reached between the Participants on the matters referred to in this MoU.

Signed in duplicate at Helsinki on th of April 2022 in the English language.

*For the Ministry of Economic Affairs and
Employment of the Republic of Finland*

The Minister of Economic Affairs

Mika Lintilä

*For the Ministry of Economic Affairs and
Communications of the Republic of
Estonia*

The Minister of
Economic Affairs and Infrastructure

Taavi Aas

