



## PRESS RELEASE

**MERO CR has started work on the expansion of the capacity of the European TAL pipeline. Thanks to this, the Czech Republic will be independent from Russian oil from 2025**

- MERO CR has started work on the expansion of the capacity of the European TAL pipeline.
- The technological work will be carried out in four countries - Italy, Austria, Germany and the Czech Republic.
- MERO CR will ensure that the TAL pipeline reaches the largest capacity in its history.
- With these steps, MERO CR is fulfilling the TAL-PLUS project.
- The aim of the TAL-PLUS project is to increase the supply of oil from the TAL pipeline to the Czech Republic by 4 million tonnes per year from 2025 and thus gain independence from Russian oil.

Kralupy nad Vltavou, 18 July 2023 - MERO ČR continues to strengthen the energy security and oil self-sufficiency of the Czech Republic. The company has started work on expanding the capacity of the European TAL pipeline. The pipeline carries oil from Italy to Germany and is then followed by the IKL pipeline, which continues to the Czech Republic.

In the coming months, technical modifications and upgrades to the TAL pipeline and process components will be carried out in four countries - Italy, Austria, Germany and the Czech Republic. This will make TAL the largest capacity pipeline in its history and one of the most efficient in Europe.

MERO ČR is implementing the TAL-PLUS project, the aim of which is to increase oil supplies to the Czech Republic by 4 million tonnes per year from 2025. In total, the TAL or IKL pipeline will supply the Czech Republic with 8 million tonnes of oil per year, which will fully cover the oil needs of our country.

As a result, the Czech Republic will gain oil independence from Russian oil from the Družba pipeline, which can be used in the future to supply other types of oil or transformed into the transport of alternative energy raw materials.

**Jaroslav Pantůček, MERO ČR General Manager**

*"MERO CR is fulfilling its commitments and continues to strengthen the energy security and oil independence of the Czech Republic. We have started work on expanding the capacity of the European TAL pipeline and implementing the TAL-PLUS project. This is one of the most important strategic projects in the history of MERA and in the field of energy security of the Czech Republic.*



*Thanks to technical modifications unprecedented in the history of the TAL pipeline, the supply of oil to the Czech Republic will increase by 4 million tonnes per year from 2025. The TAL pipeline and its connecting IKL pipeline will be able to deliver up to 8 million tonnes of oil to the Czech Republic annually. This will fully cover our country's needs and the Czech Republic will no longer be dependent on Russian oil from the Druzhba pipeline."*

**Alessio Lilli, TAL General Manager**

*"The TAL Group is aware of the strategic importance of the TAL-PLUS project for the security of the energetic supply of Czech Republic and strongly committed to its on time realization within the end of 2024, thanks to the understanding and approval of all TAL Shareholders as well as to the competence and dedication of TAL employees.*

*We set up the Project Management Team and started with the works for the replacement and upgrading of the pumps and motors.*

*The expansion of the pipeline capacity is carried out with the utmost attention to safety and to the operational efficiency."*

**Zdeněk Dundr, MERO ČR Operations and Technical Manager**

*"MERO ČR has started work on the technical modifications and modernisation of the TAL pipeline, the work will be carried out in four countries, in Italy, Austria, Germany and the Czech Republic.*

*This will result in the largest capacity of the TAL pipeline in its history and will make it one of the most efficient pipelines in Europe.*

*We have now finalised the selection of the technological components that will be installed in the different parts of the pipeline. These include state-of-the-art pumps and pumps with performance comparable to electric locomotives.*

*We are finalizing the selection of the supplier for the flow meters and have started the design preparation of the complete pipeline modifications and construction activities.*

*We are also preparing major technical changes at the Central Oil Tank Farm in Nelahozeves. We need to prepare our infrastructure for much more massive flows of new batches of crude oil, we are assessing storage capacity and there will be new procedures for blending crude oil and transferring it to refineries.*

*The work is proceeding according to a precise schedule, with the increase in oil supply to the Czech Republic starting in early 2025, and we expect to complete all work, including possible construction and technological modifications to both Czech and German oil storage facilities, in 2026."*



**Overview of MERO ČR's current activities in the framework of capacity expansion and modernisation of the TAL pipeline:**

#### **SELECTION OF TECHNOLOGICAL COMPONENTS**

**Selection of suppliers of technological components completed (07/2023)**

- Pumps + pumps
- Frequency converters
- Safety release valves

**Supplier selection for flow meters is being finalized (assumption 08/2023)**

**Design preparation for piping modifications, construction activities** (concrete foundations, roofing, electrical) **started**

#### **TECHNOLOGICAL MODIFICATIONS IN THE CENTRAL OIL TANK FARM IN NELAHOZEVES**

**Feasibility study (6/2023)**

- modifications at the Central Tank Farm (CTR)
- intensification of pumping between CTR and the Litvínov terminal facility
  - Increase flow rate between CTR - Litvínov
  - connection of the IKL control system to the CTR - Litvínov section
  - installation of a new control valve and measuring line in the Litvínov terminal
  - change of the IKL operating permit (safety functions, maximum flows and control)
- possibility of direct pumping to the Kralupy refinery from IKL

**Design work started (07/2023)**

#### **WORKING FOR A SUBSIDIARY OF MERO GERMANY GMBH**

**Tank Farm Vohburg, Germany**

**Feasibility study:** feasibility study completed 06/2023 (installation of new main pump and feed pump)

**Additives test:** test of application of additives to increase flow rate was carried out (07/2023)

**Start** of design preparation activities

**TAL-PLUS project - TAL pipeline capacity expansion project**

- The technical modifications (intensification) on the TAL pipeline will provide **an increase of 4 million tonnes per year of operational capacity** on the TAL system needed for the Czech Republic.
- MERO will thus provide **additional transport capacity** for refineries in the Czech Republic.
- In addition to **the modifications to the TAL pipeline**, partial modifications will also need to be carried out at the entry and exit of the IKL pipeline and an assessment will need to be made to strengthen the storage capacities at the MERO Germany bunkering site in Vohburg and the Central Oil Bunkering Site in Nelahozeves.



- **The total estimated cost of the TAL-PLUS project**, including the modification of the MERO Germany technology, the modification of the MERO CR technology and ancillary costs, **is between CZK 1,3 billion and CZK 1,6 billion**. In case of the need **to increase storage capacity**, the total cost estimate is **CZK 2,3 billion** (at an exchange rate of CZK 25/€).
- **The financial costs of the project are borne by MERO ČR**, i.e. without the need for financing from the state budget.
- The total implementation period **is 25 months** (only modifications to the TAL pipeline, not increasing storage capacity).
- The increase in oil supply is expected to start **in 2025**.

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MERO ČR, a.s. (International Oil Pipelines), the owner and operator of the Czech part of the Družba pipeline and the IKL pipeline, is the sole transporter of crude oil to the Czech Republic and the most important company providing storage of emergency strategic oil reserves. Both pipelines enter the Nelahozeves Central Oil Tank Facility, where the company has built a total of 17 oil tanks with a total storage capacity of 1,675,000 m<sup>3</sup>. MERO ČR, a.s. The company also owns a subsidiary in Vohburg a.d. Donau, Bavaria, from where the German section of the IKL pipeline and the local oil tank facility with a capacity of 200,000 m<sup>3</sup> are managed. Since December 2012, MERO ČR, a.s. has been an owner of a 5% stake in the companies that own and operate the TAL pipeline.

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