

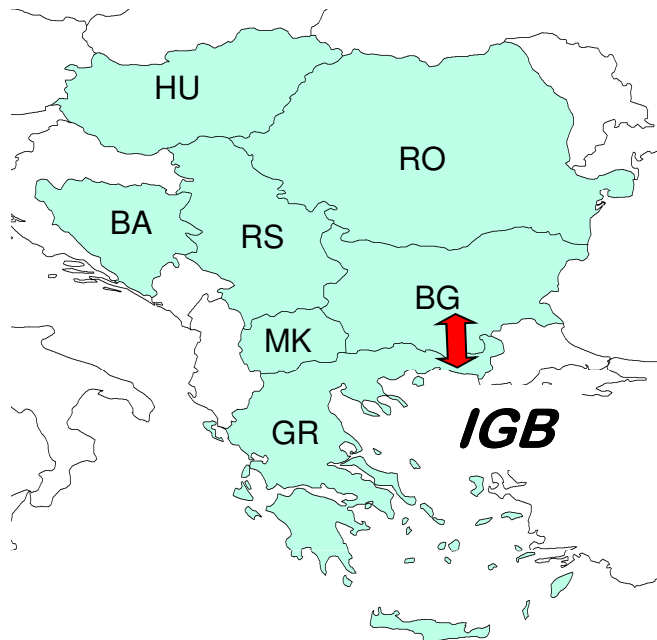
IGB: Opening new import route to SEE

Fabio Santambrogio



AGENDA

- **SEE Long Term Gas Import Requirements**
- **ITGI-IGB System: a multi-source & multi-market project**
- **IGB: Contribution to SEE**



The IGB Project is the gas interconnector between Greece and Bulgaria.

- i. As per EU priorities the SEE GAS Market has to enhance the security of supply and the differentiation of the sources. On one hand the proliferation of interconnection projects are in that direction, on the other there will be a tough competition due to overcapacity in that area.
- ii. The IGB project
 - it is a priority (Bulgaria, Greece and the EU support it)
 - it is the most mature in area (COD is scheduled by 1st Q 2015)
 - it is open to any source of gas

Source: Edison on CERA data	<u>2011</u>	<u>2020</u>	<u>2030</u>
SEE* Gas Demand (BCM)	22.0	25	29
SEE Gas Supply Gap (BCM)	-	6	14

SEE gas import gap, increasing to approx. 6 bcm/y by 2020, could be reduced by:

- more than forecasted gas production in Romania.
- access to Central European liquid markets via existing/planned north-south interconnections.
- other import projects planned for entering in operation by 2015.



Requirement for new gas imports in SEE is limited and exposed to competition

The ITGI System, comprising IGI and IGB pipelines, is designed as a **MULTI-SOURCE** project to import up to 20 bcm/y of gas from East Med, Caspian and/or Middle East.

The ITGI system is designed as a **MULTI-DESTINATION** project allowing for natural gas to reach both Western Europe (*through IGI*) and **South East Europe (*through IGB*)**,



Shareholding structure



- The **IGI Pipeline** (Interconnector Greece-Italy) consisting of a 600km pipeline across Northern Greece and a 200km offshore pipeline across Ionian sea;

IGI to transport 10 bcm/y by 2017, with possible upgrade up to 15 bcm/y

- The **IGB Pipeline** (Interconnector Greece-Bulgaria) developed by ICGB AD (JV IGI/BEH), consists of approx. 180 km pipeline between Komotini and Stara Zagora.

IGB in operation from 2015, with maximum capacity above 5 bcm/y



- **Length** – 180km (150km in BG, 30km in Greece)
- **Route** – Komotini (GR) - Stara Zagora (BG)
- **Capacity** – initial 3 bcm/y (option for capacity increase > 5 bcm/y)
- **Capital costs** – ~200 m EUR (as per initial estimate under FEED)
- **COD** – early 2015

- *IGB is a EU priority , secured of 45M€ contribution via EEPR ;*
- *IGB capacity tailored on market requirements;*
- *IGB realization not subject to availability of large gas production base;*
- *No other sufficiently developed mid term option for alternative supply to SEE*

**IGB Final Investment Decision by end 2012/early 2013
Commercial operation by 1stQ 2015.**



- **Intergovernmental Support** by Greece and Bulgaria via IGA signed in 2009.
- **Project of national priority** under Bulgarian Gov. Decision 615/14.07.2009 and Greek Law 4001/2011
- **EU Priority Status**, secured of 45M€ contribution via EEPR.
- **Technical Activities (i.e. FEED)** ongoing and to be completed by 12/2012.
- **Permitting Activities** already started in both Greece and Bulgaria and to be completed by early 2013.
- **Commercial and Financial Activities** started and expected to be completed early 2013



- IGB will **connect SEE with supply sources** from Caspian Region, Middle East, East Med and LNG (through existing/new re-gas terminals in Greece and/or Turkey).
- Diversified Gas, imported to Bulgaria via IGB, could be **transited** taking advantage of national networks and other interconnections, such as **IBR (BG-RO)**, **IBS (BG-SER)**.
- In connection to IGI, IGB will guarantee to SEE access to **gas supply and flexibility of the Italian market**.
- IGB is **pivotal** in securing strategic relevance for other **North-South interconnection** being sponsored by EU.

The ITGI System is **designed to improve security of supply to Europe and particularly SEE**, granting access to Caspian, Middle East and/or East-Med gas.

- IGI and IGB are the **most mature** pipeline projects to respectively Italy and SEE, allowing for a FID within next year.
- IGI and IGB **allow for uninterrupted transit**, minimizing number of transit countries, and full adherence to EU legislations.
- IGI and IGB **secure non-discriminatory transportation of any source of supply** as soon as it becomes available.

Next Steps

- **Pursue development of IGI Pipeline**, safeguarding maturity status and ability to deliver FID by early 2013 for any available gas source.
- **Pursue development of IGB Pipeline**, allowing for a FID by early 2013 with a view of starting the operations in 1st Q2015.

Priority corridors for electricity, gas and oil



ITGI the best option to secure the quickest, safest and most strategic opening of Southern Corridor