



## *A New Era for Natural Gas in SE Europe*

*A marketer's view*

**7<sup>TH</sup> SOUTH EAST EUROPE ENERGY DIALOGUE**  
**Thessaloniki, 20 June, 2013**

**Panayotis Kanellopoulos**  
**CEO, M&M GAS CO**





- **M&M Gas Co** founded in 2010, a 50-50 JV of **MYTILINEOS HOLDINGS** and **MOTOR OIL HELLAS**
- **M&M** is active in the “Supply and Marketing of Natural Gas” sector
- **M&M** was the first private company to import LNG in Greece, effectively leading to the liberalisation of the NG market Greece
- Being the pioneer in the newly liberalised Greek Natural Gas market, **M&M** is committed in developing options that maximise the End to End benefit and lead in efficient and effective gas supplies
- **M&M**, on top of its main activity, is set up to realize construction, operation, maintenance & management of Natural Gas facilities, pipelines, networks, etc., as well as providing consultancy and project management services in related fields, ensuring best in class results for the stakeholders



# Key Facts & Figures



- Both groups' assets relevant to NG are:
  - 330 MW CHP Power Plant, **Aluminium S.A.**
  - 440 MW CCGT Power Plant, **Protergia S.A.**
  - 440 MW CCGT Power Plant, **Korinthos Power S.A.**
  - 180,000 barrels/day Oil Refinery, **MOH**
- **M&M's** existing portfolio of customers represents, volume wise, over **1.6 BCM** of annual consumption, ca **38%** of the Greek NG market.
- **M&M** is the first private Gas Marketing Company that received the supply licence and the only one that executed supply contracts to both affiliate companies and third parties.
  - **M&M's** activity represents circa **10%** of the Total Greek NG Market
  - 2010-2012 imported **1.8 mio m3** LNG - ca **1.1 BCM** of NG

# Greek NG Market - SWOT Analysis



## Strengths



- Geographic position – East Med / North Africa proximity, crossroad of pipelines
- NG development projects in the area (Cyprus, Israel)
- Developing Market
- Revithousa LNG Terminal

## Opportunities



- Attract investments
  - Pipelines, LNG terminal, FSRUs
  - New EPAs
  - Privatization Program
- Become East Med Hub
  - Supply other Balkan countries
- Small Scale LNG

## Areas for Improvement



- Regulatory framework
  - Cross-border capacities
  - Hub creation
  - Pricing
- Infrastructure
  - Revithousa LNG terminal limitations
  - Physical Interconnections

## Threats

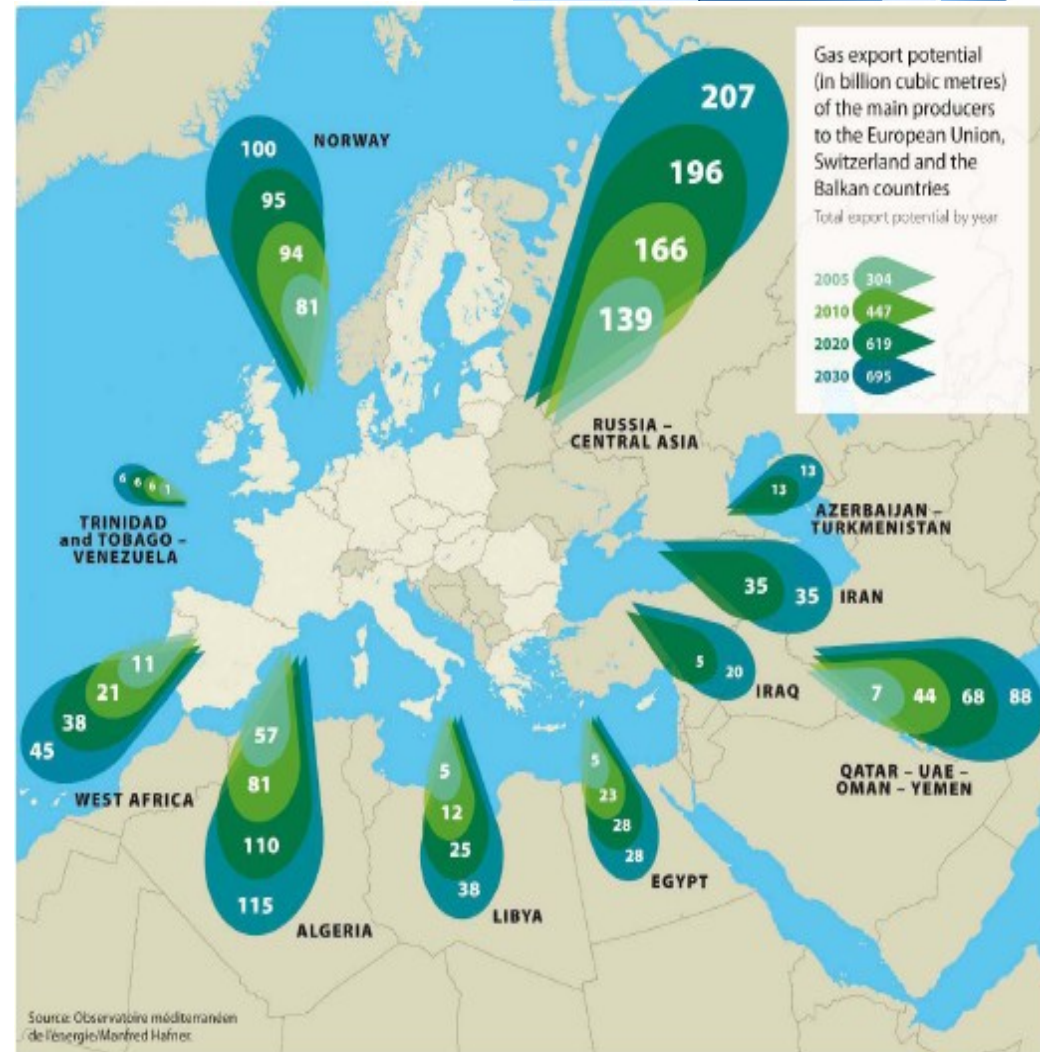


- Delay on implementation of Infrastructure projects
- Southern Corridor not to pass through Greece and delay the interconnection of Greece with Europe (it might be turned to an opportunity for LNG imports)



# Emerging Gas Transit Corridor

- Greece is ideally located to emerge as a crucial gas transit corridor that would increase Europe's import diversification and its own security of energy supply
- Greece already constitutes an important success story in terms of its own gas import diversification as it is already connected to a variety of alternative gas sources that are exported to Greece through both LNG and pipelines



# Price Level Challenges



Source: Platts

## Platts European Gas Midpoints, June 10, 2013

	p/th	\$/MMBtu	Eur/MWh	% change D-1
<b>UK NBP</b>				
Day-Ahead	60.50	9.40	24.26	+0.67 ▲
July	63.10	9.80	25.31	+0.08 ▲
<b>Dutch TTF</b>				
Day-Ahead	64.98	10.09	26.05	-0.76 ▼
July	64.60	10.04	25.90	+0.00 —
<b>Belgian Zeebrugge</b>				
Day-Ahead	63.00	9.79	25.27	+2.86 ▲
July	64.35	10.00	25.81	+0.31 ▲
<b>French PEG Nord</b>				
Day-Ahead	65.85	10.23	26.40	-0.56 ▼
July	65.47	10.17	26.25	+0.19 ▲
<b>French PEG Sud</b>				
Day-Ahead	76.07	11.82	30.50	+6.83 ▲
July	74.20	11.53	29.75	+0.17 ▲
<b>German GASPOOL</b>				
Day-Ahead	65.97	10.25	26.45	+0.19 ▲
July	65.35	10.15	26.20	+0.19 ▲
<b>NetConnect Germany</b>				
Day-Ahead	65.72	10.21	26.35	-0.19 ▼
July	65.10	10.11	26.10	+0.00 —
<b>Austrian CEGH VTP</b>				
Day-Ahead	67.09	10.42	26.90	-0.19 ▼
July	66.47	10.33	26.65	-0.56 ▼
<b>Italian PSV</b>				
Day-Ahead	68.47	10.64	27.45	+0.00 —
July	68.09	10.58	27.30	-0.18 ▼

All prices assessed at 16:30 London time.

- Greek long term natural gas supply contracts are oil-indexed
- in 2012 around 45% of gas sold in Europe was based on hub prices and in 2013 more than half of Europe's gas will be priced in relation to hub and exchange prices
- Liberalisation of the Greek natural gas market resulted in lower prices due to competition and enhanced the system security...and we are only in the start of this journey

# Conclusions



- The Greek natural gas market, in the turbulence of recession and crisis, puts extra challenge on natural gas/energy price levels
- Greece, subject to the final decision on major pipeline projects, can become a gas transit corridor
- These new supply options in combination with further development of LNG activity can significantly improve both price levels as well as supply security for the Greek market