INSTITUTE OF ENERGY
FOR SOUTH-EAST EUROPE

Gas Market challenges in SE Europe

8th South East Europe Energy Dialogue

Thessaloniki, June 12, 2014

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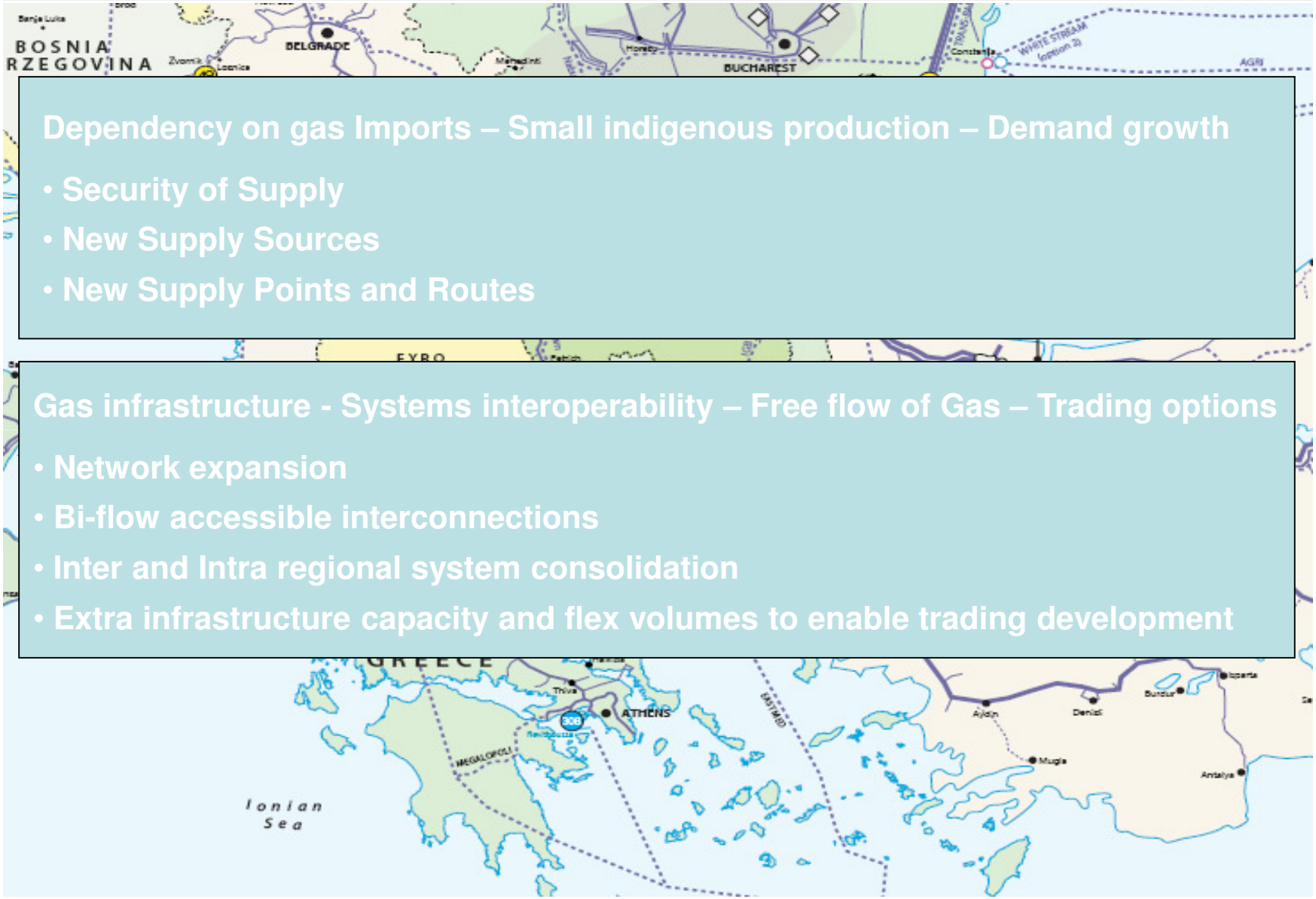
Challenges and Opportunities in the SE European Gas Markets



Dependency on gas Imports – Small indigenous production – Demand growth

- Security of Supply
- New Supply Sources
- New Supply Points and Routes

Gas infrastructure - Systems interoperability – Free flow of Gas – Trading options

- Network expansion
- Bi-flow accessible interconnections
- Inter and Intra regional system consolidation
- Extra infrastructure capacity and flex volumes to enable trading development

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Alexandroupolis LNG Independent Natural Gas System (INGS)

June, 2014

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Located in the crossroads of the European energy corridors

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Project components

The project comprises 3 distinct components:

1. The floating LNG Storage and Regasification unit:
   - An LNG vessel with mounted regasification functionality (SRV)
2. The permanent offshore structures, including:
   - The Mooring system
   - The Flex Risers and the Pipeline End Manifold (PLEM), transmitting gas from the floating unit to the subsea pipelines

3. The two sections of the natural gas pipeline transmission system, i.e.:
   - The subsea section of total length 24 km
   - The onshore section of total length 4 km and the M/R station

connecting the offshore terminal to the Greek National Gas Grid (NNGS)

A Pipeline system comprising a Subsea and an Onshore section connects the floating unit to the NNGS

- LNG storage capacity: 170,000 m^3
- Max. sustainable send-out (re-gas) capacity 700,000 Nm^3/h > 6.1 bcm/yr

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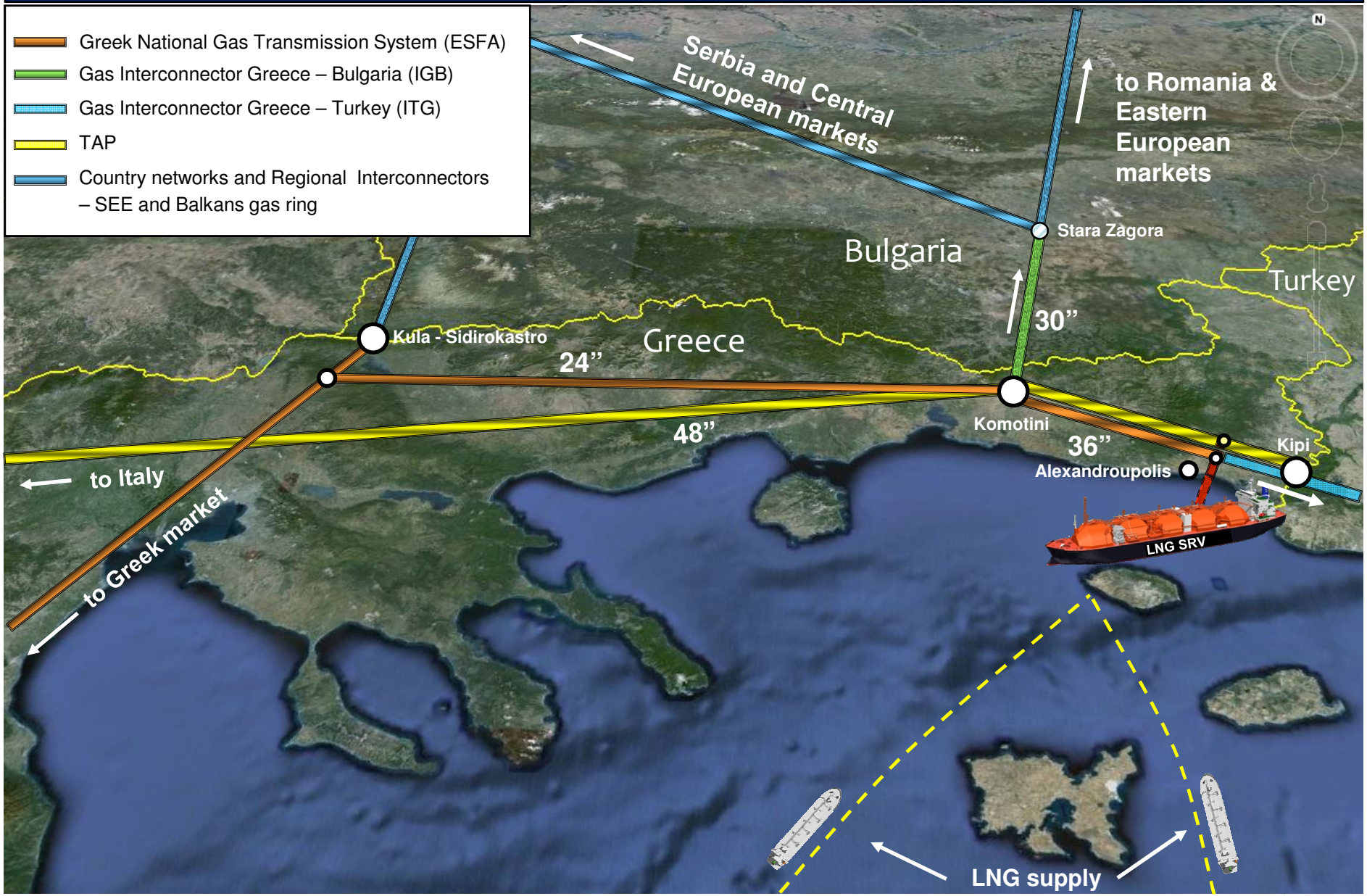
A new energy Gateway to Europe



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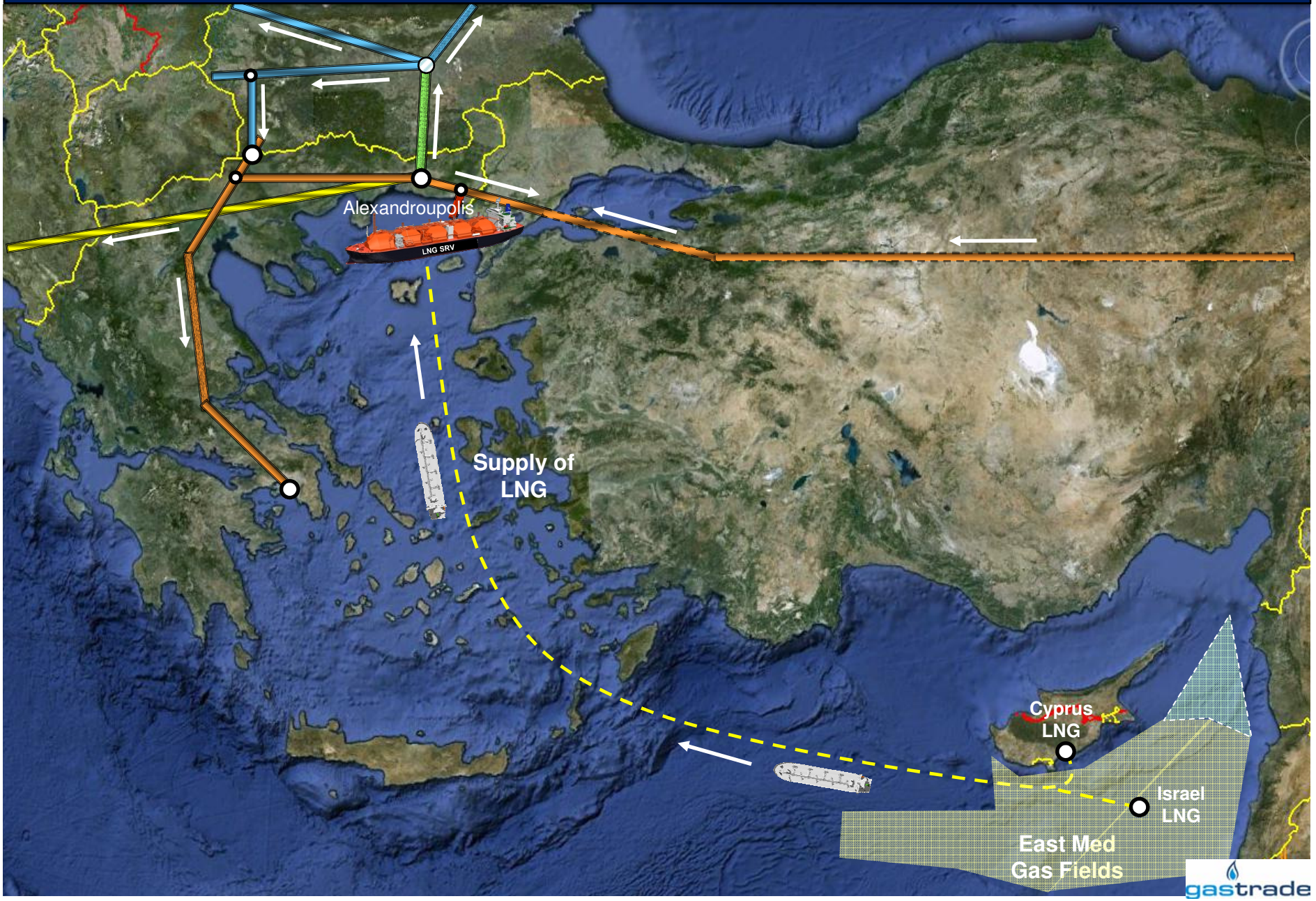
A new energy infrastructure offering Optimal access to the international markets for the recent and future East Med gas discoveries



Best placed to offer an Alternative Supply and Route Solution to Bulgaria and onwards to Romania, Serbia and the wider Region

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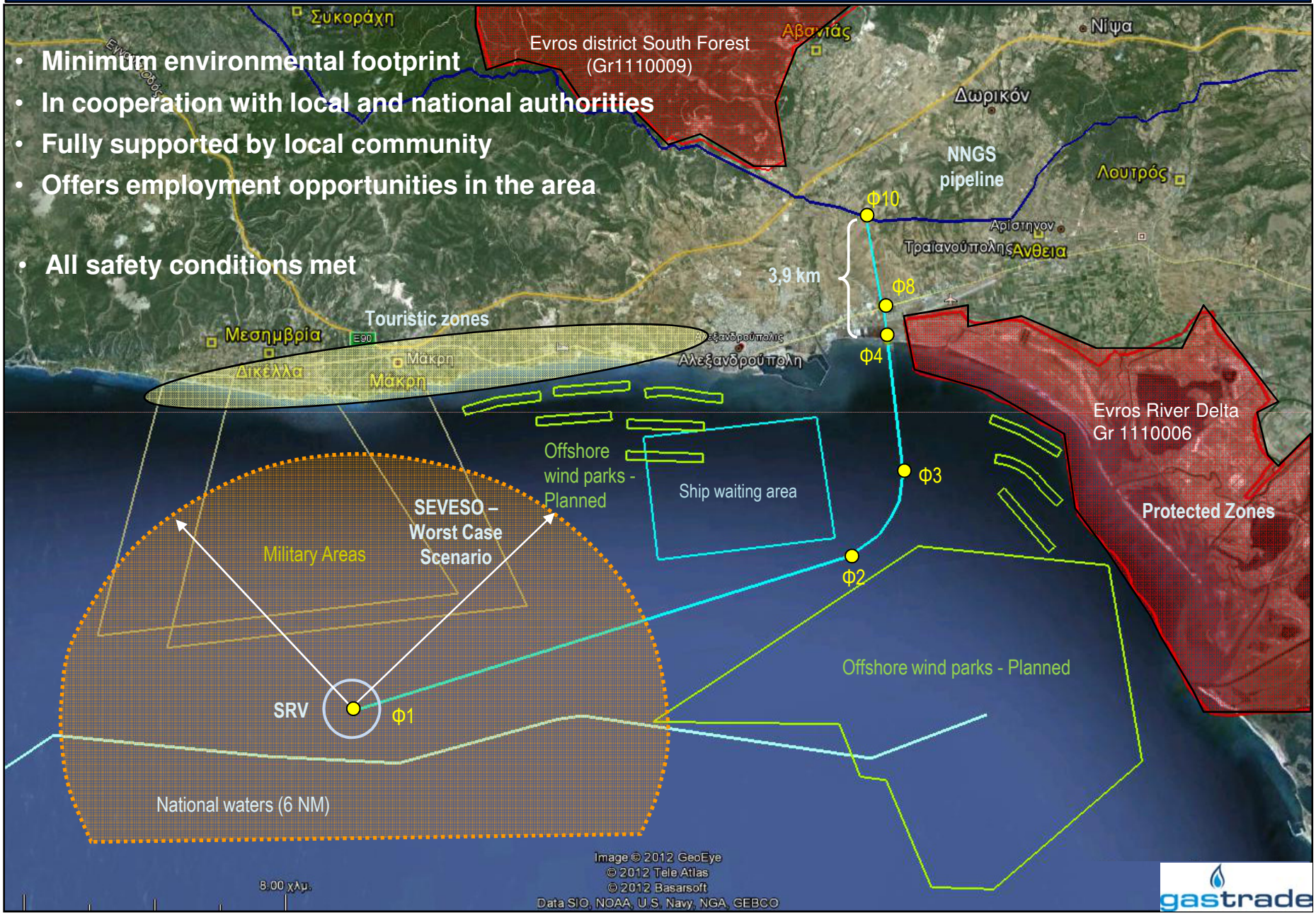
Offering direct access to the Regional gas markets and capturing material future growth trend

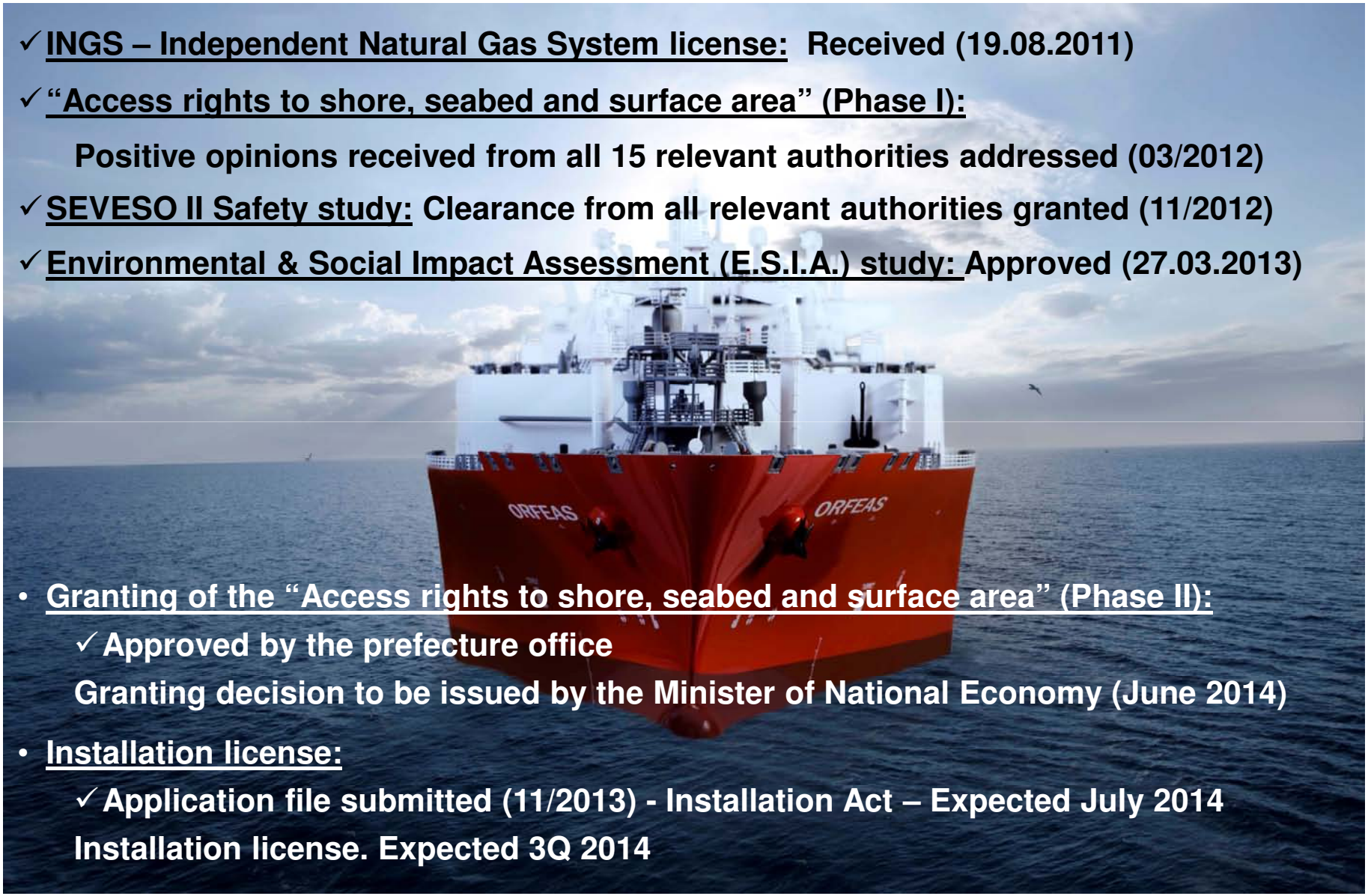
- Strategically located to attract a variety of major international supply sources including the East Med gas discoveries
- Feeding into the Greek National gas transmission system and to the Greek market
- Offering a new gas supply route to Bulgaria and onwards to Romania, Serbia, FYROM and further to Hungary and Eastern European gas markets through the Interconnector Greece – Bulgaria (IGB) and the other planned regional Interconnection projects (IBS, IBR)
- Potential to supply the large and fast growing Turkish market via the existing ITG

- Located and sized to capture Growth potential in the region (anticipated demand growth between 2013-2022 at 20 bcm)
- Ability to link and feed into the future South Corridor Gas Projects (TAP) and access the Western European Markets and the West Balkans Gas Ring
- Can be the earliest available alternative supply infrastructure (2016) in the region, well ahead of any other planned project

Careful consideration of Safety, Social & Environmental aspects



Project licensing is reaching Completion



✓ **INGS – Independent Natural Gas System license:** Received (19.08.2011)

✓ **"Access rights to shore, seabed and surface area" (Phase I):**

Positive opinions received from all 15 relevant authorities addressed (03/2012)

✓ **SEVESO II Safety study:** Clearance from all relevant authorities granted (11/2012)

✓ **Environmental & Social Impact Assessment (E.S.I.A.) study:** Approved (27.03.2013)

- **Granting of the "Access rights to shore, seabed and surface area" (Phase II):**
  - ✓ Approved by the prefecture office
  - Granting decision to be issued by the Minister of National Economy (June 2014)
- **Installation license:**
  - ✓ Application file submitted (11/2013) - Installation Act – Expected July 2014
  - Installation license. Expected 3Q 2014

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Favourable conditions and prospects for the financing of the project

- Project received PCI status from E.C.
- Eligible for Grants through CEF
- Eligible for favorable financing tools and terms from E.I.B.

- Project eligible for subsidies and tax exemption in line with Greek Investment law (4146/2013)
- Project candidate to be included within 2014-2020 Corporate Agreement for the Development Framework (C.A.D.F. – E.S.P.A.)
- Export financing schemes available from equipment suppliers
- Long standing relationships with local and international financial institutions

Project start up: as early as 2016

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Thank you