

## **Introductory Remarks by the Chairman of IENE Mr. Yannis Chatzivassiliades**

On behalf of IENE, I would like to welcome you to the 19th National Energy Conference "Energy and Development 2014" which, under the present difficult circumstance, touches a highly topical subject and focuses on "Greece's Energy Future in a Constantly Changing International Environment".

The most recent international developments bring to the fore Europe's problem concerning security of energy supply as well as the high cost of energy, with severe social and economic effects.

Today the energy sector goes through a long transitional period in addressing the necessities of 21<sup>st</sup> century, as Europe needs a sustainable energy system that would provide competitiveness and security of supply. We are currently facing great challenges with good prospects with new ideas and technologies towards a new status quo and the reconstruction of the energy sector so that we can, in the long run, meet our energy needs at an affordable cost.

The exploration and exploitation of domestic energy resources and the use of innovative and effective technologies contribute to the economic development and security of energy supply. Meanwhile, the expansion of cross-border interconnections between electricity grids and of natural gas transmission pipelines supports the establishment of a single European energy market, providing many benefits.

Our era is characterized by regional geopolitical instability with important developments underway, while confirmed and potential hydrocarbon deposits in the East Mediterranean are entering the phase of intensive research and development.

Greece's energy future is now being shaped in this highly changing setting. Thus it is necessary to formulate a national strategy with long-term targets, as lack of boldness and inactiveness have, during the past years, lead to high energy costs with immediate impact on competitiveness and social welfare. Thanks to efforts by the Minister, Mr. Yannis Maniatis, Greece is finally launching a major hydrocarbon exploration and production programme both onshore and offshore after many years of absence from the sector at an international level.

At the same time, we have to stress the need for systematic work with perseverance and patience, as a long and perplexed procedure involving modern technologies and updated rules is ahead of us, calling for firm political will and consistency so that progress can be achieved.

Greece, thanks to its geostrategic position, as well as SE Europe, in general, can emerge as a reliable energy corridor linking Asia with Europe and, in combination with the exploitation of the proven and potential hydrocarbon reserves in the East Mediterranean, can greatly contribute to EU's security of energy supply.

EU has committed itself, at its recent Summit, to curtailing, by 2030, its greenhouse gas emissions by 40%, with a 27% RES contribution to the energy mix and to raising energy efficiency by 27%, along with the completion of the internal energy market, with top priority to regional electricity interconnections.

By fulfilling these targets, our main goal is to reduce energy costs towards a promising future. Energy efficiency and cheap “clean energy” can make up an effective combination. Improving energy efficiency is a challenge and a top priority with a great potential of applications for the country, and we have to stress, at this point, the important initiatives by the Ministry to this end.

RES will increasingly penetrate in the energy sector during the 21<sup>st</sup> century at a global level. A degree of penetration is expected in electricity, whereas there will be emphasis on non-electric applications, with low-cost investments and high-added value.

It is expected that the evolution of technology will deliver electricity produced by wind and solar power to the market, with a high level of credibility and at stable cost of production, as well as with more interconnected grids.

The application of these changes in Greece still suffer because of bureaucracy and license trading, which raise significantly the cost of investment, as well as the cost of connection to the grid, which eventually burdens the consumers.

In Greece, we also lack specialist studies that will help lead the electricity sector to the future, thus leaving behind the “saturated grid”, which limits our potential to minimum.

Innovative technologies and investments are directly connected with the future of the energy sector, within the framework of a modern institutional and regulatory framework with specific targets and a long-term vision.

Greece, both for gas and electricity, needs to establish international interconnections with Italy, to the west, so that it can have immediate access to the main European markets and, thus, to the accompanying benefits. Natural gas will become a complimentary source, with high penetration in the electricity sector. This prospect makes the development of underground gas storage facility in South Kavala an urgent need, as it will enhance the credibility of the country’s energy sector. Establishing a gas trading hub will also facilitate the development of a regional natural gas market in SE Europe.

The connection of the island of Crete with mainland Greece is expected to reduce the cost of Public Service Obligations (PSOs) by half, whereas the investment will pay off in a few years. As this project is one of the most difficult and expensive of its type in at global level, the immediate assignment of the study and of the construction of the actual project and its surveillance by an experienced technical consultant will be a decisive step towards its realization.

A similar initiative is also essential for the connection of all of the Cyclades' islands to the mainland's grid, where the initial project was launched almost three decades ago, whereas, as far as other Greek islands are concerned, the larger penetration of low-cost RES is needed.

What we need is a modern funding model for this investment, involving other players than the system's operator, who will take up the maintenance and the operation of equipment, relieving consumers of any further charges.

The transition of the energy sector towards the future involves too the utilization of the sector's human resources, which are at a high level in Greece. However, the funds necessary for are not available in the local market or they involve an extraordinary high cost. Thus, new funding tools at low cost, as in other countries, must be secured.

Last but not least, revising all additional charges that have been imposed on energy during recent years will have a beneficial impact on the economy as well as on consumers.

The conference is being held under the auspices of the Hellenic Ministry of Environment, Energy and Climate Change and I would like to thank Minister Mr. Yannis Maniatis for his presence today.

I would also like to thank the main sponsors and supporters of this conference who have assisted the Institute in its efforts in organizing the event, namely: Greece's Public Gas Corporation S.A. (DEPA S.A.) and Kyriakides Georgopoulos Law Firm (KG Law Firm, Greece), Hellenic Petroleum S.A., Energean Oil and Gas Co. and TERNA Energy SA. The "Kathimerini" newspaper, SEE News and Energia.gr, as well as the Hellenic Wind Energy Association (ELETAEN), are the conference's media partners.

Finally, I would like to thank all of you who participate at IENE's 19th Annual National Conference "Energy & Development 2014" and I hope that we will all have a fruitful dialogue and reach useful conclusions.