

**Opening-Speech by Mr Ioannis Maniatis,
Minister of the Environment, Energy & Climate Change**

Europe's energy security passes through Greece

I am particularly happy to be here again this year at the hospitable podium of IENE, an Institute that offers us the opportunity to exchange ideas, record the events of the previous period and, at the same time, define what we want to do over the coming years.

I wish to thank you for your kind words to me personally and the leadership of the Ministry of the Environment, Energy & Climate Change. Allow me to state that it is our deep conviction that we are doing the things deemed necessary by all those involved in energy matters. We perceive ourselves as the coordinators of a comprehensive national effort, to which we have all agreed, despite possible individual differentiations or varying groupings.

We believe that in reality and alongside the vast majority of energy players, the vast majority of the country's political system and the vast majority of Greek society we have planned and are implementing a national strategy which is the only way out of the difficult situation in which we have found ourselves.

In our view, the energy issue and the resolution of the major problems that concern both the European Union and Greece, are the touchstone against which we will all be judged. And I refer mainly to the decision makers at European level and whether they want a strong Europe at international level or a Europe which will simply follow the strides being made by other economies at a very slow pace. I must note that I am pleased because over recent periods and even at top government level in Europe it has become apparent that, at European level, energy policies are as important as financial policies.

If we do not realise that energy is the backbone of the European economy, that it is the characteristic element of the quality of life of European households, that it must be included in the top political and growth agenda of the European Union, we will simply be following the negative example of the non-preparation of the European Union at the outbreak of the 2008 financial crisis in the USA with the collapse of Lehman Brothers.

Because I am hopeful and, I could say, almost certain that European governments have absolutely realised the importance of the energy sector, I am here today to record my experience during the first semester of 2014 when I presided over the Council of Energy Ministers and the Council of Environment Ministers and to describe the basic choices made by a country that has suffered immensely over recent times and has had to face challenges no one was ready to face.

We are at the end of a year which closes with many optimistic elements that signal the end of the crisis. At the end of the crisis I cannot but note my own personal and very deep conviction that the energy sector and the fossil resources sector are among the two or three very basic factors upon which the country's new production model will be based. A production model which will no longer be dependent on borrowed money but on the creation of jobs and the production of public and private wealth. If all this, however, is to be put into practice, we need continuity, consistency and professionalism in decision making and in the implementation of decisions; in any case, it requires a common front by all those who can help in this direction.

It is clear that the last European Union Summit which focused almost exclusively on the issue of the Union's energy security, sent a message in all directions. It sent the message that, finally, governments are beginning to open their eyes. I am talking mainly about the more powerful countries, the governments of countries that can, when negotiating the importation of energy products, secure good prices mainly because of their strength but also, because of their geographic position. And they finally realised that the Union of the 28 needs a comprehensive negotiation policy on the major issue of the Union's energy dependency on third countries.

May I remind you all that we are talking about a transnational entity consisting of 28 member states, which is 55% dependent on third countries for its energy resources; energy dependence means financial dependence and political dependence. As a consequence, reducing dependence is a top political priority that must be undertaken both by the EU as an international entity but also by the individual governments of member states.

I believe that we have started moving in this direction; the messages of the last few months offer the optimistic sign that all the above have become clear.

Let us keep this in mind: a crisis in one part will affect everyone. It is the well-known flight of the butterfly and is particularly true of the energy sector.

Over recent times we have all experienced the upheavals on our broader geopolitical horizon. The crisis in Ukraine, the civil war in Libya, the rise of the jihadists of ISIS and the Muslim state in areas that are global suppliers of energy products, and the lack of stability in the Mediterranean where north Africa to the South is no longer the stabilising factor it was in the past while southern Europe to its North is suffering from financial instability and energy deficiency.

Greece is positioning itself within this environment. This positioning is currently, and for the first time, taking place, with comparative positive terms which, if implemented over the next many years as required by the long-term prospects of the energy sector, will be a tremendous comparative advantage for Greek society and the Greek economy as a whole.

Let us consider a single figure. Every day the European Union pays approximately 1 billion Euros for the importation of energy products from third countries. This is no longer acceptable by European industry or European households.

The development of strategies that will reduce the Union's dependence on third countries is the top priority that must be realised through the implementation of specific measures. I will talk about these later on.

I want to refer to some of the conclusions of the last Summit which will truly give us reason to be optimistic. Firstly, to the fact that the political leaders agreed on the necessity of a Support Mechanism which, at European level, will support the countries most hit by a crisis. You are surely aware that this occurred following an initiative by the Greek government. Only yesterday I received the relevant correspondence from the former Commissioner – which clearly also commits his successor – that this support mechanism suggested by the Greek government, is an exceptionally positive and creative approach which will be followed up despite the fact that the Ukrainian crisis appears to be heading for resolution.

A second point of interest for Greece is the emphasis and intensity placed on the existence of the South Corridor. Let me remind you that we are talking about a 20-year effort by the entire European Union to shape the South Corridor which will carry gas from the Caspian Sea in Azerbaijan via Greece to the other European Union countries. The South Corridor is

in its first stages but has prospects far beyond those it has now. The 10 bcm it carries now and the 20 bcm of the next phase can but signal the beginning of a broader and more ambitious plan.

Another point from the conclusions of the Summit. For the first time the leaders of the Union agreed that Southern Europe needs an energy hub. The conscientious ambiguity and multiple interpretation of this decision offers Greece the opportunity to establish, against a number of competitor countries, its own geopolitical and financial role in the creation of this new energy hub in Southern Europe.

What have we all agreed on? That the Union's energy security issue is based on four basic pillars:

The first is the differentiation of sources.

The second is the integration of the internal market.

The third is energy saving, energy efficiency and the transition to low carbon economies.

The fourth pillar is the development of indigenous sources. We are referring mainly to hydrocarbons.

Over recent months I had the opportunity to visit the USA and have multiple meetings at a great many levels with all those involved in the decision-making process for the future with regards the American approach. Meetings with high ranking representatives of the Obama administration, meetings with members and scientists from think tanks, universities and institutes whose analyses and questioning influence member state governments, and meetings with energy market professionals. I can tell you that it is the first time that Greece has presented a comprehensive, implementable strategy that will help the country promote itself as the most significant regional energy player in the broader area.

This became absolutely clear and it is everyone's obligation over the following years to turn it into a reality with the best possible steps. Let me explain.

The first pillar refers to the differentiation of sources and Greece is currently in the pleasant position to look at its international interlocutors in the eyes and say that we are the only country in the Union to propose and realise three new alternative routes from three new energy supply sources for Europe.

The first source is the South Corridor, the TAP pipeline. September saw the completion of the agreement with the SahDeniz consortium. A few days before we went to Baku for the inauguration of the project, I had the opportunity to sign the Environmental Impact Study which is the top licencing process for the realisation of a big project like a pipeline in Europe. The South Corridor is now becoming a reality, the timeline is being adhered to exactly and, despite individual attitudes and existing reservations, mainly at local society level – expected in any European country – we are confident about and, as a Government, we fully support the timely realisation of this particular project.

The second corridor is the corridor that will connect the deposits in the Eastern Mediterranean via Cyprus, Crete and mainland Greece to the other markets. Allow me to remind you all that the US Geological Service has noted that the area holds 3,500 billion cubic metres of gas and 1.7 billion barrels of oil. Undoubtedly, the eastern Mediterranean region is laying claim, and I am certain it will be successful, to becoming a very important new energy source for the European Union providing more than just energy resources. The EastMed pipeline, which will connect these deposits with the rest of Europe is a top political

priority for Greece and the IGI pipeline, which will be the terminal point of this pipeline towards Italy, continues to be a priority and has been included in the European Programmes of Common Interest and Greek government planning.

There is also the third corridor, a corridor still in its primary stages, but political agreements have already been achieved. I am talking about the Central Corridor which could connect the networks of the Aegean to the networks in the Baltic. It is very interesting that this new corridor could be realised in a very short time – some estimate as early as 2017 – with minor investment costs and based on a very basic philosophy. Instead of creating a new corridor exclusively for a new source, it will connect all national natural gas transportation and distribution networks which, to date, remain unconnected.

This approach illustrates the pragmatism of the solution, the funding possibility and the existence of alternative connection sources. Greece is present in this new European strategy with new courses and three new supply sources. The central corridor has reached reasonable maturity in four countries: Greece, Bulgaria, Romania and Hungary. Already, the existence of an interconnector between Greece and Bulgaria is at an advanced stage. Very soon we are expecting the final investment decisions; subsequently we will move forward with the support of the new Bulgarian government. This corridor will be supplied by three different supply source categories. One supply source will be TAP which, I repeat, is moving forward in accordance to the time plan. The second supply source will be both or at least one of the two floating Liquefied Gas units in the North Aegean which are also included in the PCIs. The third supply source, and I am glad you reminded me, is the underground storage unit in south Kavala. There is also the 75% upgraded LNG facility in Revithousa.

I am sorry to say that nothing has been done over the past three years in relation to the development of an underground storage in South Kavala which is of interest both for the country's energy security and for international investors. Only recently the HRADF included the development of the underground storage in its top priorities. The Ministry of the Environment, Energy and Climate Change, in close collaboration with the Regulatory Authority for Energy, has already instigated procedures for the swift announcement of an international tender for this exceptionally important energy intervention.

The Union's second priority is, clearly, the completion of the single market. There is no need for me to repeat matters of which we are all well aware. Allow me simply to note that even the Union's strongest financial and energy powers have realised that the existence of interconnecting pipelines is a top developmental initiative for the move towards an energy sector single market. Regulation at market level is not enough. Energy products need to find their way, their natural course so as to be channelled to the markets with the most demand. I would, at this point, like to stress the significance of reverse flow natural gas infrastructures.

I cannot resist the temptation of reminding you of the huge problem faced by Europe as a whole. The revolution of shale gas and shale oil has brought about massive reclassifications and the US will, as of next year, become a natural gas exporter. You are all well aware that the first units have been licenced by the US Energy Department – as I was informed by the US Energy Secretary a few days ago – and others are in the pipeline. As a consequence, we are in a changing political environment where, objectively, companies based in the US will have the massive relative advantage of greatly reduced energy costs in comparison to the industries and businesses in the European Union.

When we took over the European Presidency at the beginning of the year the major issue we were faced with was how to reduce, at European level the between 100 and 200 percent higher energy costs for all European industries compared to those of their US competitors. If

one adds to this the 35%, at least, increased price of natural gas in countries who supply their industries through long term contracts for imported gas, in comparison to spot natural gas purchases' for a country as geographically remote as Greece, it is easy to see how Greek industry requires far greater support than any other industry anywhere in Europe. We have given all our strength and are following a specific path, confident that we can overcome the problems we will encounter.

Please allow me, at this point, to note an important, in my opinion, intervention. It relates to the initiation of a discussion for the establishment of an Energy Exchange in Greece. I am pleased because all people and organisations involved in the specific issue have offered me assurances that the framework will be in place by the end of this year; within this framework all relevant energy market players will be able to join in discussions and make relevant decisions. Competition in this system as well from neighbouring countries is exceptionally important and tough; once again we are confident that by joining forces and exploiting the country's geographical position we will move forward in this direction.

And this brings us to the third pillar which in my opinion is the most neglected, or more correctly, the almost abandoned sector of Energy Efficiency and Energy Saving. Over the last four years I have experienced the absolute lack of central policy and financial support for this choice at Energy Ministerial Council level. I must note that I am very pleased that an initiative taken by five EU Energy Ministers a few months ago, including myself, for Energy Efficiency and Energy Saving to form one of the targets of the "Energy-Climate 2030" packet was finally adopted by the European Council and Summit. From here on, energy saving and energy efficiency, Greece's great hope for the recovery of the construction and especially the building sector, Greece's main hope for real economy, liquidity and the creation of jobs has been incorporated into the European Union's choices and policies, and funding offers are already knocking on our door.

Bear in mind that global investment in energy efficiency in 2013 was 100 billion dollars greater than corresponding investment in Renewable Energy Sources. 310 billion dollars for energy saving and just 210 billion for Renewables which have always formed the most important environmental and energy choice for Greece and the rest of the world. This shows that the massive importance of energy saving and the fight against the negative phenomena associated with climate change has finally been realised as has the necessary parallel support for green, sustainable actions by national economies.

You are all well aware that the last few years has seen the implementation of the "Energy Savings at Home" programme in Greece; this will continue in the New Programming Period with the largest possible funding that can be secured. At the same time we have increased pace on two new categories of "Savings" applications: "Savings in Public Buildings and Public Lighting" and "Savings in Commercial Buildings". All these will be connected to recent legislative interventions which I believe are equally important and relate to net metering and its applications, no longer only for households but also for the agricultural sector and other commercial sectors with a particular emphasis on the tourism sector.

During this New Programming Period the Greek state will be securing the public funds and wishes to assure its programme partners – the national banking system and private investors – that it is our intention to offer the highest possible funding through PPPs programmes so that energy saving in public buildings and municipal and public lighting will become a new priority for the public sector and local government and will offer massive benefits in terms of savings for the State. We believe in this programme. Very soon, following our meetings with the banks, we will present our initial approaches and I am confident that this action will attract investment capital interest. EBRD has already visited us,

we have had the relevant discussions and I assure you that if the programme goes ahead with the seriousness it began then the country will be moving forward with a new development proposal and challenge.

I will close with hydrocarbons. I will speak succinctly because I think we have all realised the obvious. It is obvious that Greece has been blessed with resources that can reduce its energy dependency and fossil raw materials that can also upgrade its geopolitical role. The meetings that have taken place recently, the formation of the regional partnership between Greece – Cyprus – Egypt and Greece – Cyprus – Israel are partnerships that are not aimed against anyone. On the contrary, they are partnerships that offer a helping hand for the accession of other countries in the broader region, actions that signal Greece's choice to become a pole of stability, prosperity, peace and development in the broader region. We aim to make hydrocarbons a source of optimism for the people and not a negative source as has happened in third-world countries. We want hydrocarbons to be an example of positive development as has happened in countries such as Great Britain, Norway and elsewhere.

We will achieve this because I think the leaderships of neighbouring countries are now all the wiser and understand that it is in their interest as well and the interest of their people to create partnerships. The Greek government is working in this direction with all powers at the highest level, both via the Prime Minister and the Deputy Prime Minister but also through the people who exchange information and other data.

The international tender for offshore concession areas in Western Greece announced a few days ago. The large tender for the 20 offshore areas will be published in the Journal of the European Union any day now. Following the ratification by Parliament of the first three plots which were opened up for consultation, Greece has swiftly moved forward with 26 plots for which investors have already been established. Let us bear one thing in mind: Hydrocarbons are both a source for the creation of new jobs and a source for the creation of public revenue. 1,000 direct and indirect jobs, pre lot, per drilling. Many billions will come from the exploitation of hydrocarbons, money that cannot be touched by any Minister of Finance, money which in accordance to law, will be included in the Intergenerational Solidarity Fund for the sustainability of the social security system.

We have a comprehensive national strategy. Let me once again state my own conviction, also expressed to convince our international interlocutors both within and outside Greece, that this national strategy is one which will continue through time because its basic principles have been agreed upon by all those involved. We have agreed that this exploitation will take place with open and transparent tendering processes in accordance with all the specifications laid down in European and national legislation; we have agreed that this exploitation will take place with absolute respect for the natural and man-made environment; we have also agreed that this exploitation will take place for the maximisation of revenue for the Greek State and maximisation of the compensatory benefits for local communities.

I want to invite you to move with us in this direction, for us to work together with full awareness that this challenge is bigger than any of us, any Minister, and government. It has a horizon that spans many decades and is a great national challenge. We all have the duty to offer our best for the future of the Greek people.

Thank you very much for your attention.