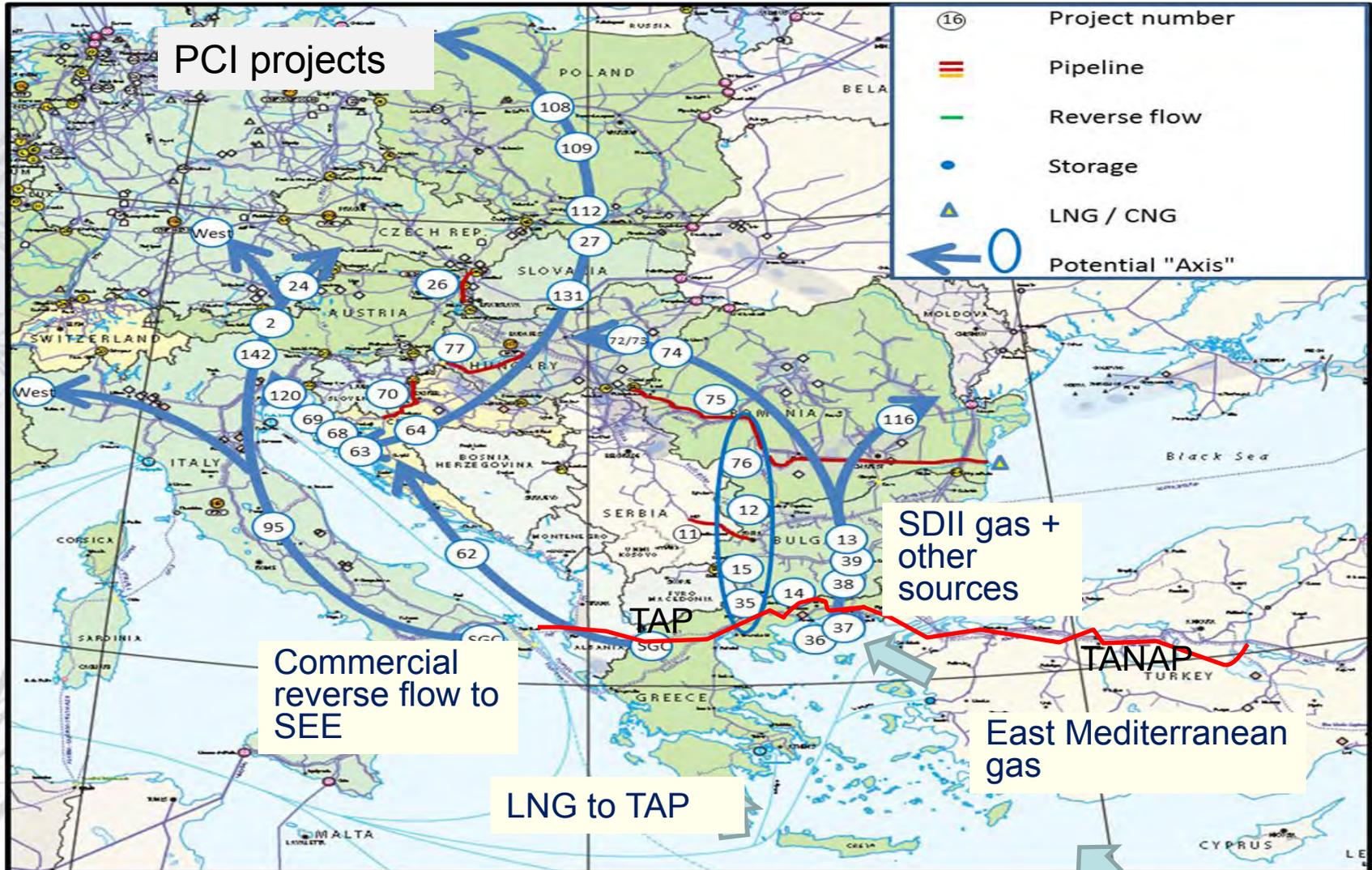


The role of SEE and Greece in the Southern Gas Corridor

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The Southern Gas Corridor



Facts on infrastructure (1)

- SDII gas production is anticipated in early 2020;
- *TAP and TANAP are mobilizing and the beginning of their construction is about to start.*
- *The TAP market test was concluded in July; No big “surprises” (10 bcma forward, +1bcma reverse flow)!*
- *Interconnector Greece- Bulgaria (IGB) is also in progress: the binding phase of the Market Test was concluded recently*
- *The upgrade of the LNG Terminal in Revythoussa (Greece) is in progress. This will double the storage volume (to 230 km³ LNG) and the throughput of the terminal (to almost 6bcma)*

- The “Greek” import and interconnection capacity will increase drastically:
 - *More than 10-12 bcma new pipeline capacity (22 bcma with reverse flow from Italy through TAP);*
 - *Expandable to 35 (55) bcma with only additional compression capacity.*
 - *Available from TAP COD*
 - *More than 3 bcma of new LNG capacity (on top of the existing 3).*
- On top of the existing (or anticipated) new interconnectors in the Northern Balkans (Bg-Ro; Ro-Hu; Hu-Cro; Hu-Sr)
- In combination with **existing interconnectors** (Ukr-Ro-Bg-Tr-Gr-FYROM)
- For the first time, gas from the South and East may be available in the Balkans and beyond

The “time for gas” in the SEE?

- New gas findings (e.g. Romania, East Med, Caspian) will be seeking transportation routes in the near future;
- New exploration rounds are in progress;
- Market-based gas pricing is progressing (e.g. CEGH, PSV), while similar projects are in the pipeline (Turkey, Greece, Romania, Slovenia)
- *This is a good starting point; However, the efficient development of the market needs more:*
 - *Consumers*
 - *Infrastructure (reverse flow facilities; interconnectors)*
 - *Efforts for removal of existing legal obstacles*
 - *Political support (regional approach)*
 - *Time!*

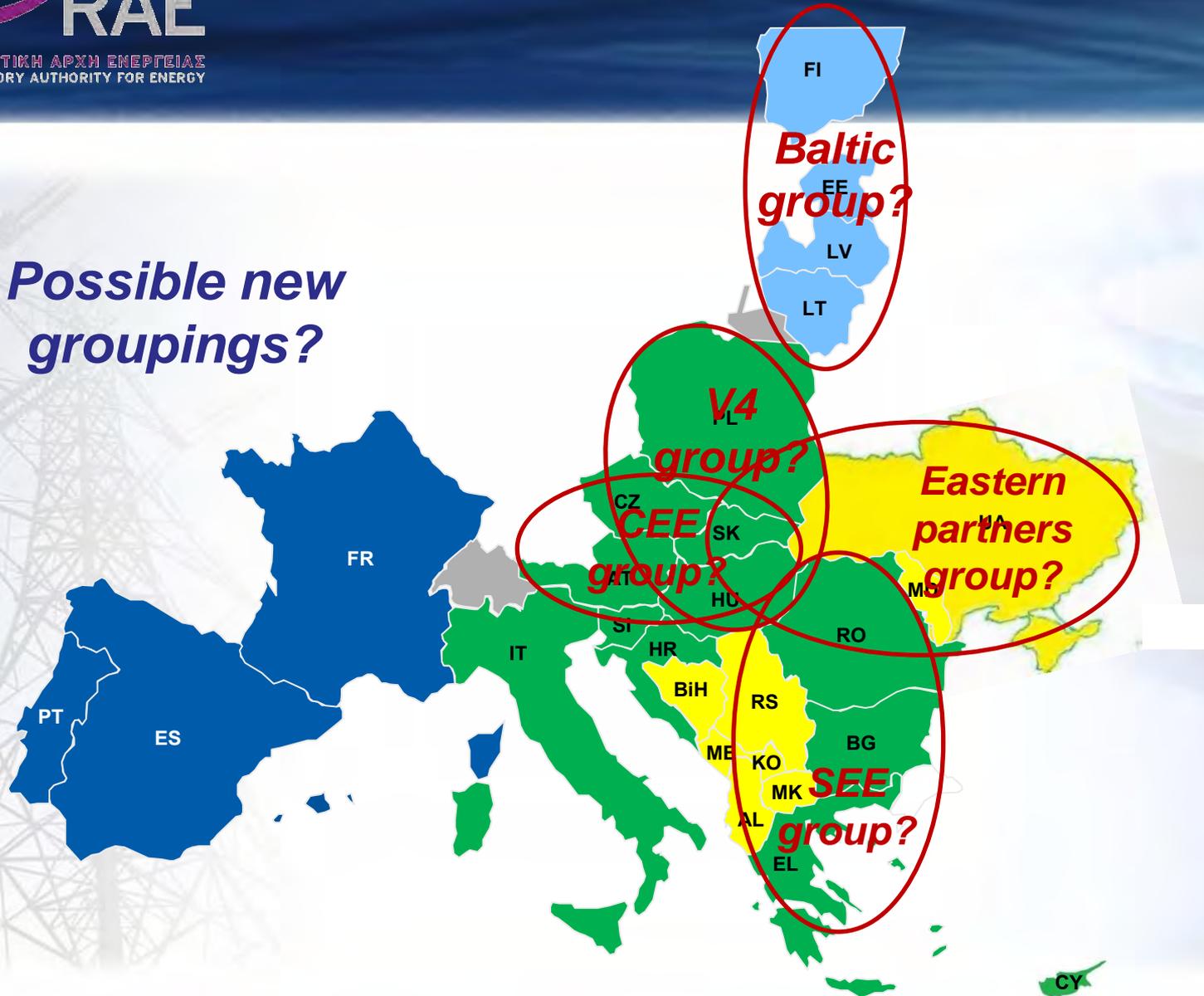
Security of supply

- The recent EU stress tests have shown, for the SEE countries new sources of gas are of paramount importance!
- *New infrastructure will be available mid-to-long term*
- *What about **today**?*
 - **Strong need to use existing infrastructure!**
 - *E.g. establish the necessary procedures (3rd energy package!) to provide access to the **existing** North-to-South transit pipelines*
 - *Develop regional emergency plans and use all available resources on a cross-border basis (storage, LNG).*
- The potential crisis could act as **an opportunity** for neighboring countries to enhance their joint efforts and proceed with the faster implementation of market rules

Considerations for the future

- It seems that in the case of TAP the minimum set of issues were met:
 - Sufficient group of sellers and buyers willing to exchange gas quantities at prices adequate to support the FID of the sponsors
 - Regulatory framework which combined the national and regional market needs to the business case of the sponsors
- **Is this enough?**
 - Not necessarily: supplementary investments are needed
 - Such investments require more than market forces (i.e. “centralized” political intervention and support of market initiatives)
 - The PCI (and PECEI) processes are in the right direction
 - The cooperation of national TSOs on a cross-border basis is very important (e.g. by jointly participating in market tests or the joint implementation of access rules)

Possible new groupings?



In conclusion...

- *The Southern Corridor has been enacted: this is the “time for gas” for the SEE region*
- *This is a true challenge for everyone: requires commitment, open mind, willingness for cooperation, faster implementation of the existing rules, efficient use of resources*

SEE can serve as the new gate of gas in the EU:

- *Open to everyone*
- *Providing equal opportunities and level playing field*
- *Along the lines of the common EU energy market*

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