



Τάσεις στον Ευρωπαϊκό Ηλεκτρικό Τομέα

Εθνικό Συνέδριο Ενέργειας **IENE**
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European Electricity Markets are facing unprecedented challenges....

- ❑ **Sluggish economic growth (almost flat since 2008)**
- ❑ **Electricity demand some 300TWhs below 2008 projections**
- ❑ **Boom in Renewables generation, with subsidies to the order of some 80b€ per year**
- ❑ **Net increase in conventional capacity as with the legacy pipeline investments, new builds exceed retirements**
- ❑ **Low fuel prices with coal prices almost halved since 2011**
- ❑ **Substantial market intervention by Regulators in most European countries raising costs to consumers**
- ❑ **Customers are “neglected” and Power Companies have become “social workers” and “tax collectors”**

...significantly affecting its value creation ability

- ❑ **Conventional generation annual decrease by some 2%**
 - Load factors decreased by some 28%
 - A multitude of CCGTs are “stranded assets”
 - Overall overcapacity, primarily due to RES growth

- ❑ **Market capitalisation of large utilities has been halved since 2008, destroying some 500b€ of shareholder value**
 - Utilities are not best placed to make investments
 - Funds are worried about the industry recovery
 - State funds are probably most likely to be used in the industry

- ❑ **The traditional business model of Utilities has come under question**
 - Vertical integration value questioned as generation reduces drastically its value contribution to the value chain
 - New Market models are emerging; Customers (usually at the end of the value chain) become Prosumers (climb up the value chain), other companies with advantaged customer focus and flexible financing enter the market space

While the future state of the industry is somewhat clear (legislated and Green), the business model remains unclear in the transitional period

- State Control Vs Market driven**
- Electrons Vs Services**
- European wide Vs Regional**
- Integrated Vs Distributed**
- Fragmented Vs Concentrated**
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The Greek Electricity industry has similar challenges with the overall European one, but is not even liberalised in practice

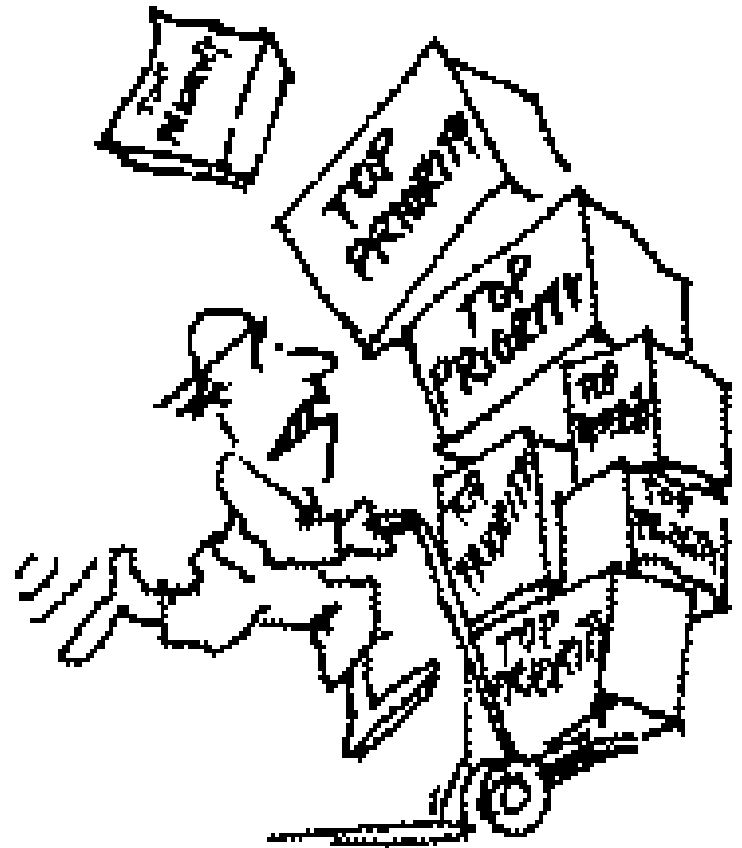
- ❑ **Structurally unattractive industry**
 - Four key conventional and integrated companies in a small market with relatively small economies of scale compared to the European ones
 - Overall overcapacity
 - Severe market distortions

- ❑ **Structurally expensive Wholesale market**
 - Relatively high Lignite costs
 - Limited cross border transmission capacity

- ❑ **Absence of a Power Exchange**

Some thoughts on building momentum the Greek Electricity market catching up

- Design and implement the Market Reforms, including the Target Model, fast
- Integrate Renewables into the Market
- Invest on Resource Capability where most of the Value must be generated
- Do not Re-invent the Wheel
- Offer grants where there is potential for the Most not for the Few
- Make things happen



**Thank you
for
your attention**