

Changing the game in the new era

Dr. Stelios Bikos
Head - Commercial Division
DEPA S.A.

IENE 21st National Energy Conference, Athens, 25 October 2016

Company profile

- ✓ DEPA with its long presence in the Greek market is a competitive and dynamic group of companies in the energy sector.
- ✓ Its contribution to the development of the Greek economy and the protection of the environment is substantial.
- ✓ DEPA Group is bringing natural gas to more and more regions of the country with the continuous expansions of the natural gas pipelines .
- ✓ Having entered into long-term pipeline natural gas and LNG supply contracts, it supports the supply sufficiency and security of the country.
- ✓ It develops significant initiatives so that Greece can play an essential role as a hub of natural gas transit to Europe.

DEPA's strategy

DEPA promotes specific strategic initiatives aiming at:

- ✓ Providing natural gas at competitive prices from diversified sources.
- ✓ Maintaining the leading role and maximizing developments in the domestic market.
- ✓ Creating a modern organization to face the demands of the competitive market while contributing to the development of an efficient natural gas market with "green" characteristics.
- ✓ Assuming a leading role in the wider area by developing infrastructure projects and by supplying natural gas to regional markets.

Greek Gas Market paving the way of liberalisation

Regulatory reforms:

- Entry Exit system since 2013
- **Hub development**
- 10% **Gas Release program** by DEPA since 2013 / additional quantity offered 6% dedicated only to suppliers in 2017
- **Interconnection Agreement** between DESFA & BTG (capacity auctions soon) enables cross border trading

Next steps:

- Balancing platform to operate next year
- Soon to enable **paper trading** at Hub
- Envisaged development of a **gas exchange**
- Revithoussa expansion will strengthen hub-priced imports
- New Network Code expected end of 2016
 - fully birectional Entry/Exit Points

Infrastructure

- **Ample capacity available** at Entry Points (regular release of unused border capacity)
- Transit pipelines TPA by design (TAP, IGB etc.)

Development of the internal gas market

- Expansion of gas distribution networks in 19 cities of Eastern Macedonia and Thrace, Central Greece and Euboea, Central Macedonia and Western Greece.
- The length of the new distribution networks is approximately 1130 km.
- The budget for the construction and operation is almost 235 million € and the number of new connections is expected to be 50,000.
- More than 106,000 families, approximately 16,500 professionals and 55 industries will use natural gas to meet their needs.
- During the construction period of the networks, more than 1,600 jobs will be created, while the operation will provide at least 700 new permanent jobs.



DEPA strategic initiatives to be implemented through an ambitious investment plan

Gas distribution networks expansion
€ 84 m

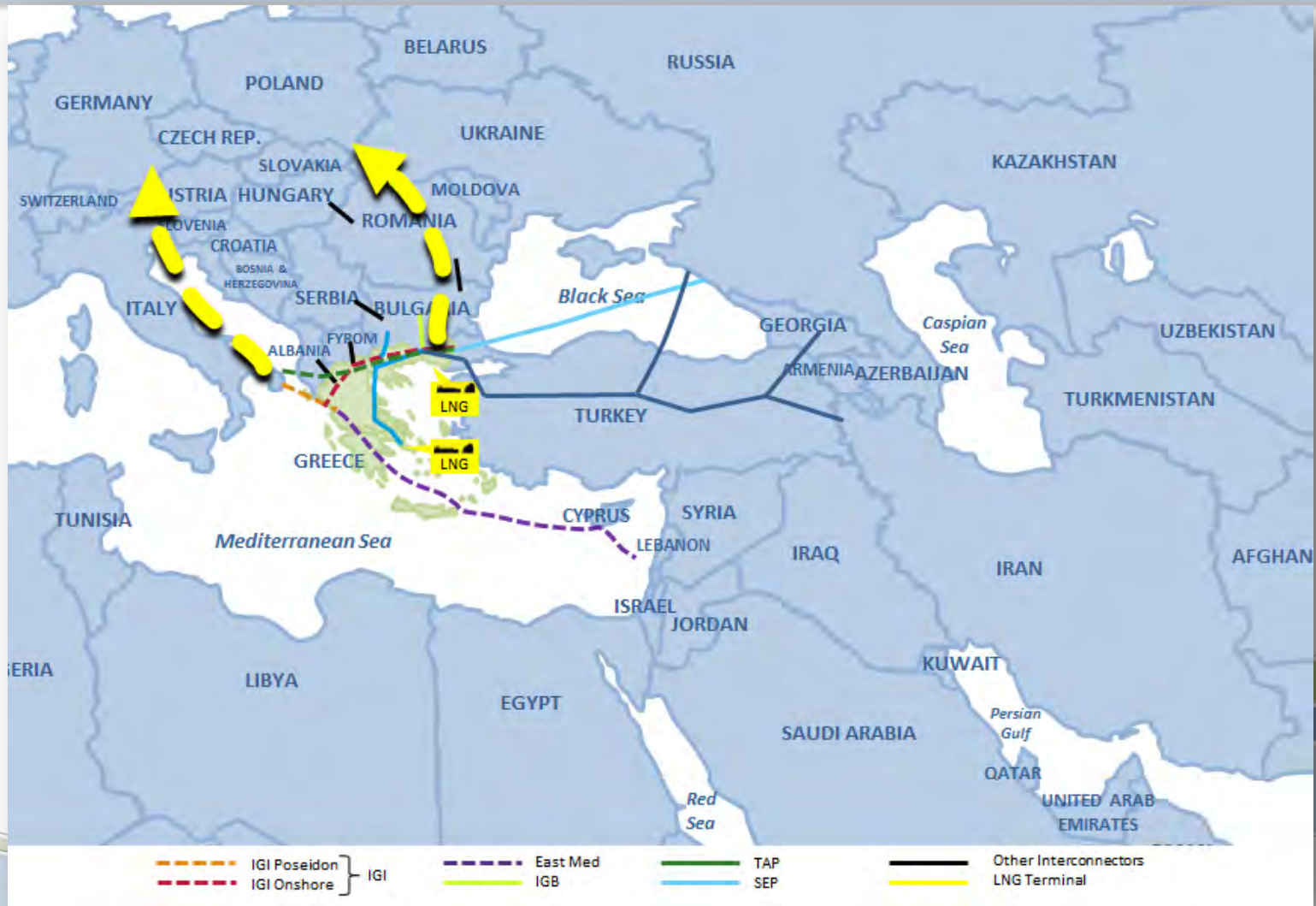
Remote CNG/LNG Marine LNG
€ 120 m

Gas for road transport
€ 55 m

Strategic assets:
N. Greece LNG / IGB system
€ 480 m

The clear targets of the investment plan combined with the acquired experience, through **strategic partnerships**, could transform DEPA to a leading player in the energy retail market

Greece - The Gateway to Europe



DEPA beyond Greece

In the new environment of more open and liberal markets DEPA contributes its rich experience and expertise and promotes a dynamic **international strategy** based on partnership and cooperation.

Greece - The Gateway to Europe

Key projects will enhance national and regional energy security and may catalyze a gas trading hub in Greece

Unlike purely geopolitically driven pipeline plans, those proposed here are realistically based on business merit.

DEPA's contribution:

■ Southern Gas Corridor / TAP

- SGC underpins regional Market development and integration
- DEPA is a significant stakeholder of the Southern Corridor as a buyer of SD2 gas and as a sponsor of IGB
- The timely realization of TAP will enhance the connection of SEE with mature Central European markets
- Construction started on 17 May 2016

■ IGI Poseidon

- A mature project (included in the 2nd PCI list), ready to take FID as soon as gas resources are secured
- May transport natural gas from Russia or alternatively from Iran, East Mediterranean, Middle East and/or Caspian areas (Kurdistan, Iran, Turkmenistan) to Italy and Europe
- Following Pre-Front End Engineering Design studies and surveys, EastMed pipeline is a viable export option via Cyprus, Crete mainland Greece and Italy (connecting to IGI Poseidon Pipeline)
- SEP: The development of this new supply route shall be pursued in full accordance with EU legislation



Project of Common Interest

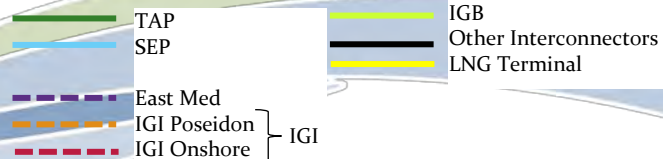
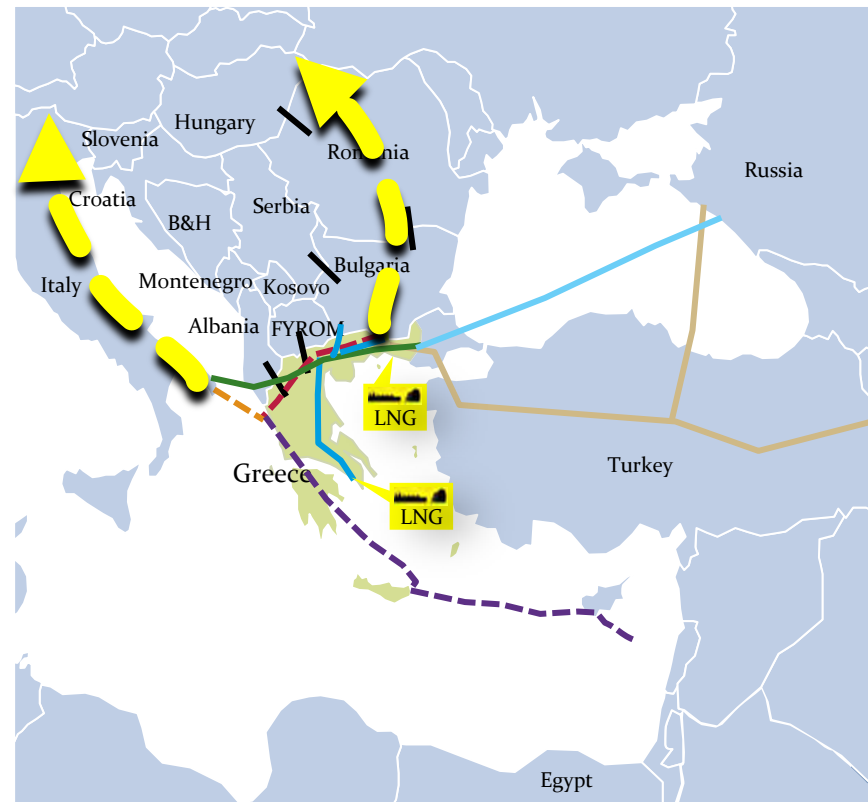
Greece - The Gateway to Europe

■ IGB

- Will connect Bulgaria with LNG and gas from the Caspian and the Middle East through existing and new pipelines (i.e. TAP) and the Greek existing (Revythousa) and planned (FSRU Alexandroupolis) LNG terminals
- It is included in the 2nd PCI list and CESEC list and it is an integral part of the Vertical Corridor contributing to the security of supply of regions of poor diversification
- FID taken on 10 December 2015
- Binding phase of the ongoing Market Test to confirm capacity bookings expressed in the EoI phase
- Start of construction scheduled for S2 2017

■ FSRU Alexandroupolis(LNG Terminal in Northern Greece)

- Will ease global LNG supplies into the SEE region through its proximity to the IGB
- It is included in the 2nd PCI list and developed together with international partners/investors
- FID to be taken in 2017
- Initial meeting among potential shareholders (Gastrade, DEPA, BEH, Cheniere) on project company structure and steps ahead took place on 16 May 2016.



Project of Common Interest

Thank you for your attention!

Dr. Stelios Bikos
Head - Commercial Division
DEPA S.A.
s.c.bikos@depa.gr