

***Implementing the Southern Gas  
Corridor:  
From “Lines on the Map” to  
“Facts on the Ground”***

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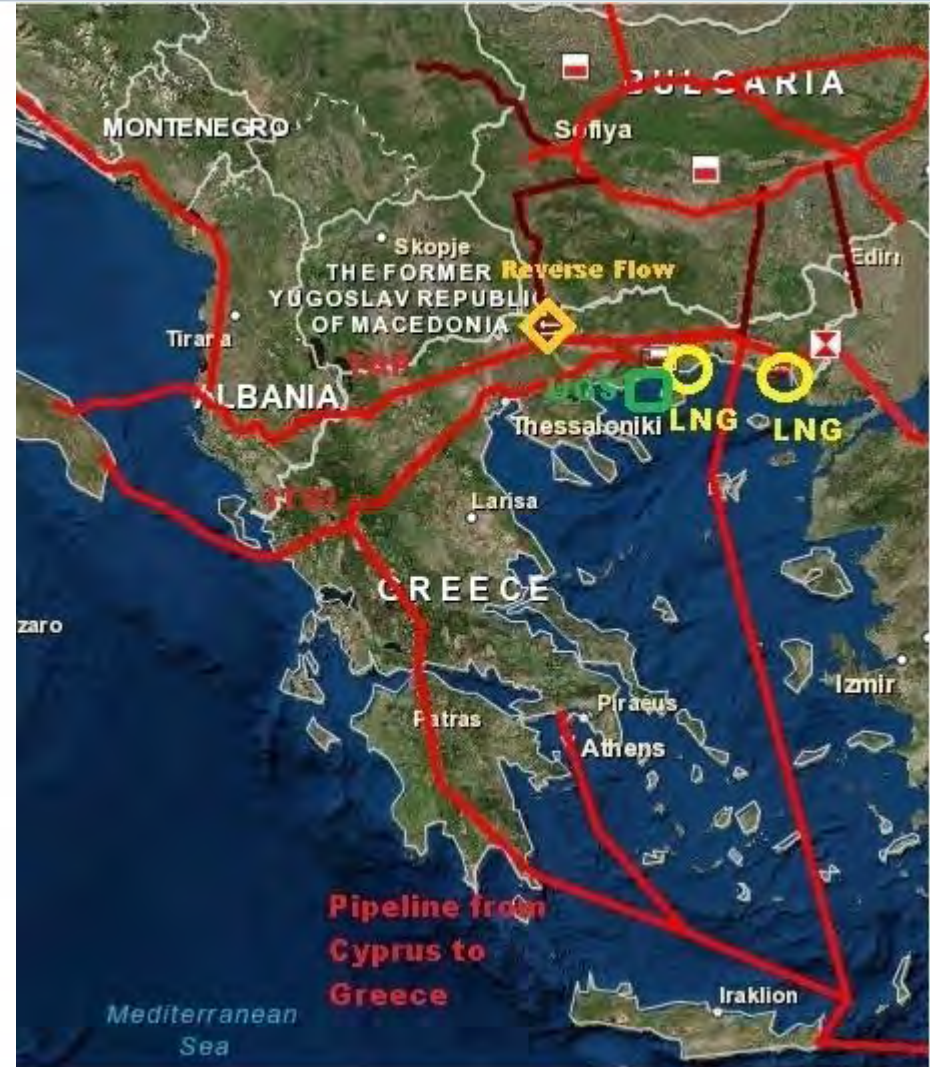
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# The Southern Gas Corridor- PCI list



# PCI list: Projects of “Greek” Interest

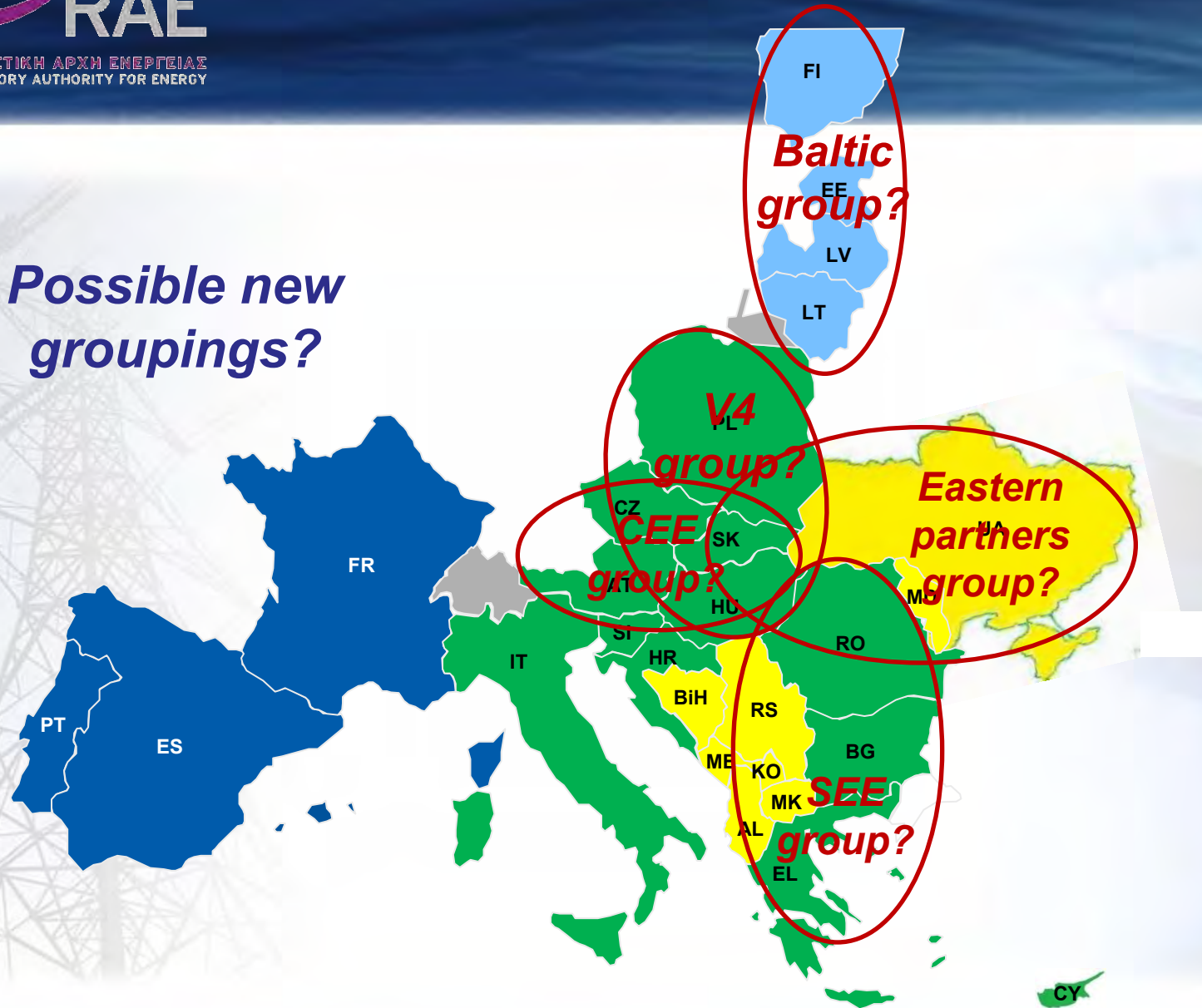
- PCI-II list under development (Oct 15)
- *However, only TAP and TANAP with FID taken*
- TAP/TANAP?SDII: 2004-2020; almost 20 years to become a “fact on the ground”
- Some other projects present substantial activity
- *The majority of projects will remain “lines on the map” for a long period of time*



# Unprecedented Interest for SEE

- SEE is in the center of evolutions regarding the gas market
- Many initiatives related to the SEE gas market have been launched in parallel, all under the auspices of the EU:
  - *Connecting Europe Facility and “Juncker package”*
  - *Security of Supply Regulation*
  - *Gas Regional Initiatives,*
  - *Central East South Europe Gas Connectivity (CESEC, North-to-South)*
  - *Enhancement of the Energy Community initiative (IAP, Gas Ring?)*
  - *Eastern Partnership*
  - *Energy Union*
- All are relatively recent evolutions, with an ambitious timetable

*Possible new groupings?*



- 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)

# We must not forget the fundamentals (1)

- Political will on its own does not create “facts on the ground”
- The presence of the “market forces” is fundamental:
  - Sufficient group of sellers and buyers willing to conclude SPAs at prices adequate to support the FID of the sponsors
  - Flexible regulatory framework which combined the national and regional market needs to the business case of the sponsors
- From the time to “think big” to the time to “think small”:
  - Conclude the construction of “small” interconnectors with huge importance (SEE has small gas markets)
  - Exploit existing infrastructure (remove the legal obstacles for reverse flow implementation )
  - Implement the 3<sup>rd</sup> package (Pilot implementation of NCs)
  - Enhance regional thinking, forgetting “national mega projects”

# We must not forget the fundamentals (2)

- More than market forces are needed:
  - Political facilitation, regional thinking and support
  - Supplementary (national/regional) investments may be needed: require more than market forces to implement (i.e. “centralized” political intervention and support of market initiatives)
  - 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)
  - The role of the Regulators is also fundamental:
    - to develop and implement the appropriate access and market rules, sufficiently harmonized to support uniform operation of cross border infrastructure
    - Provide the appropriate cross-border incentives and remuneration for the infrastructure needed
  - Pan-European tools in place (Connecting Europe Facility, Network Codes, Energy Union, etc.)



# The ultimate goal: The SEE gas hub (market place)

## This requires

- *Development of market elements along the lines of the Gas Target Model in SEE and regional cooperation: sufficient market size, liquidity and transparency*
- *Gas infrastructure: fundamental for the provision of physical connectivity*
- *Pilot implementation of the NCs on existing infrastructure*
- *We are all proceeding to this scope much faster than before, but nothing “massive” needs to be in place before 2020*
- *In the meantime, we need to focus on the facilitation of “small trade movements” of great market importance:*
  - *Reverse flow trade (even virtual, i.e. swaps, like in the rest of Europe)*
  - *Gas release programs (e.g. the Greek one, already in place)*

*Thank you!*

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