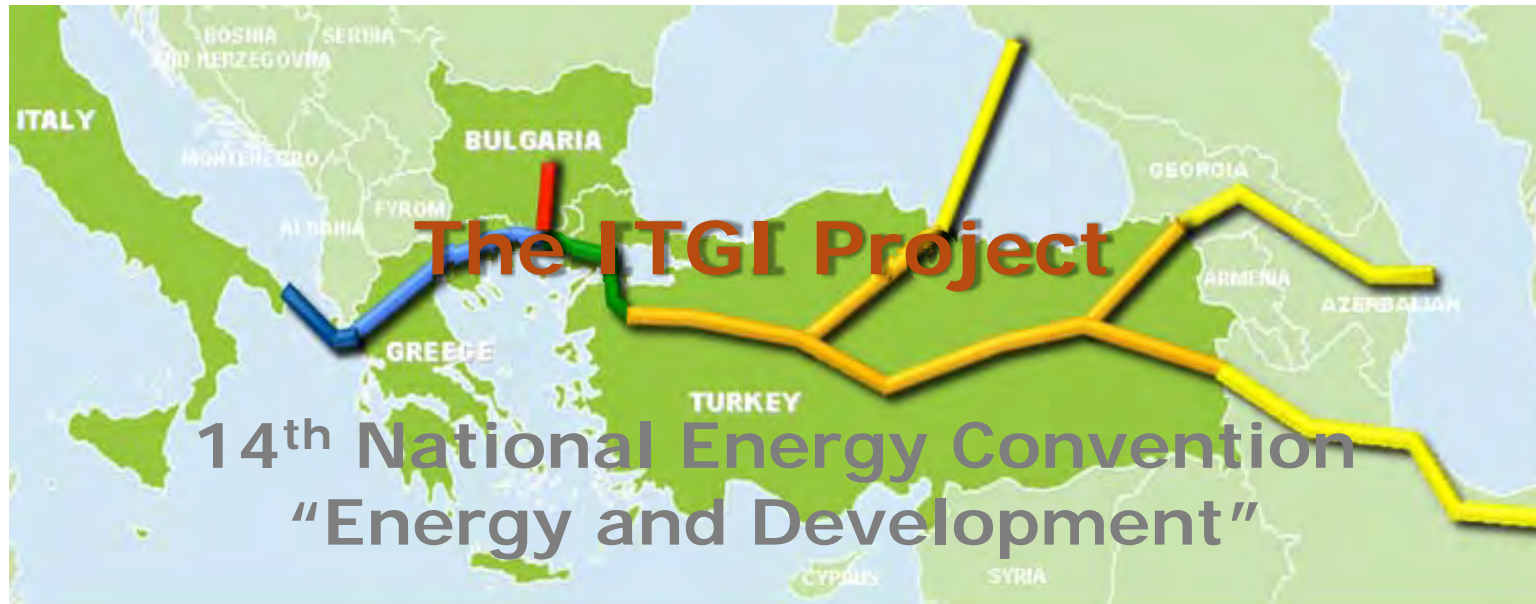




IGI Poseidon



Presentation by Mr. Antonis Natsikas,  
Technical Director IGI Poseidon S.A.  
Deputy General Director Corporate Development &  
Planning DEPA S.A.

*Athens, November 11<sup>th</sup> 2009*

# AGENDA



## European Gas Market

- Evolution
- Supply and Demand



## Poseidon Pipeline

- Introduction
- Characteristics

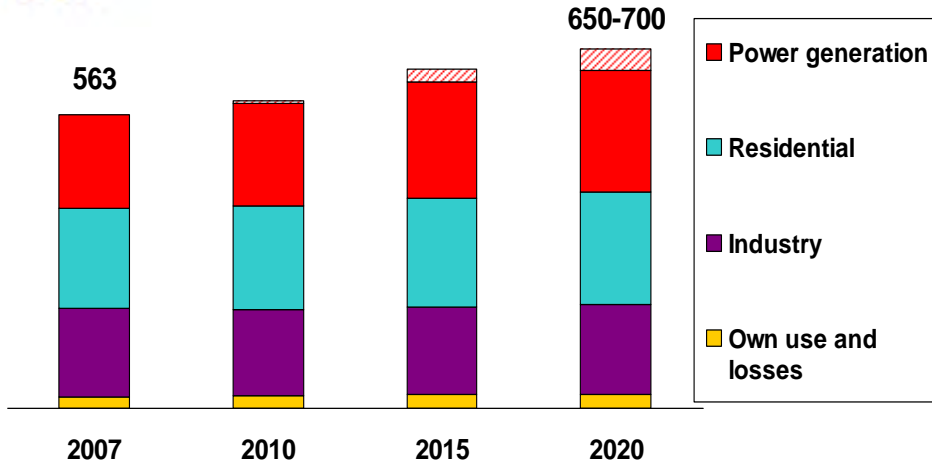


## Project Progress - Significance

- Project Progress
- Project Significance

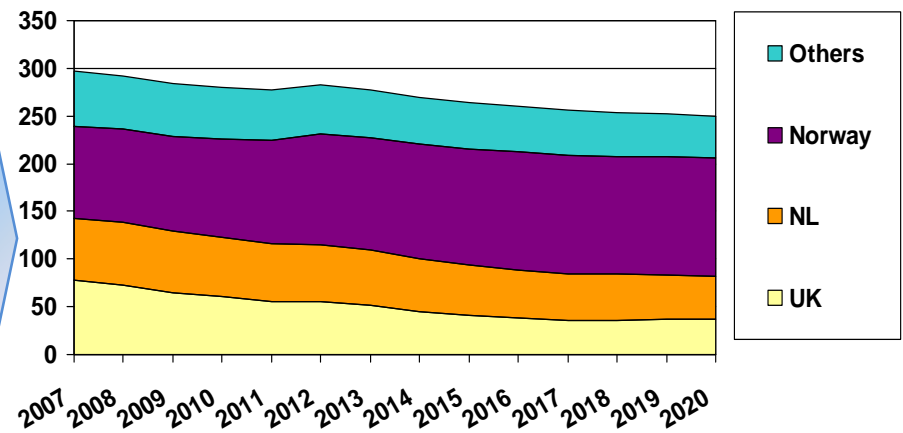
# Evolution of Gas Market in Europe\*

Gas demand



- Demand will increase from 563 Bcm in 2007 to 650-700 Bcm in 2020 (cagr '07-'20: 1.1%-1.7%)
- Different scenarios mainly depend on the evolution of power consumption:
  - ✓ renewables development
  - ✓ nuclear phase-out
  - ✓ economic upturn
- Growth mainly driven by power generation.

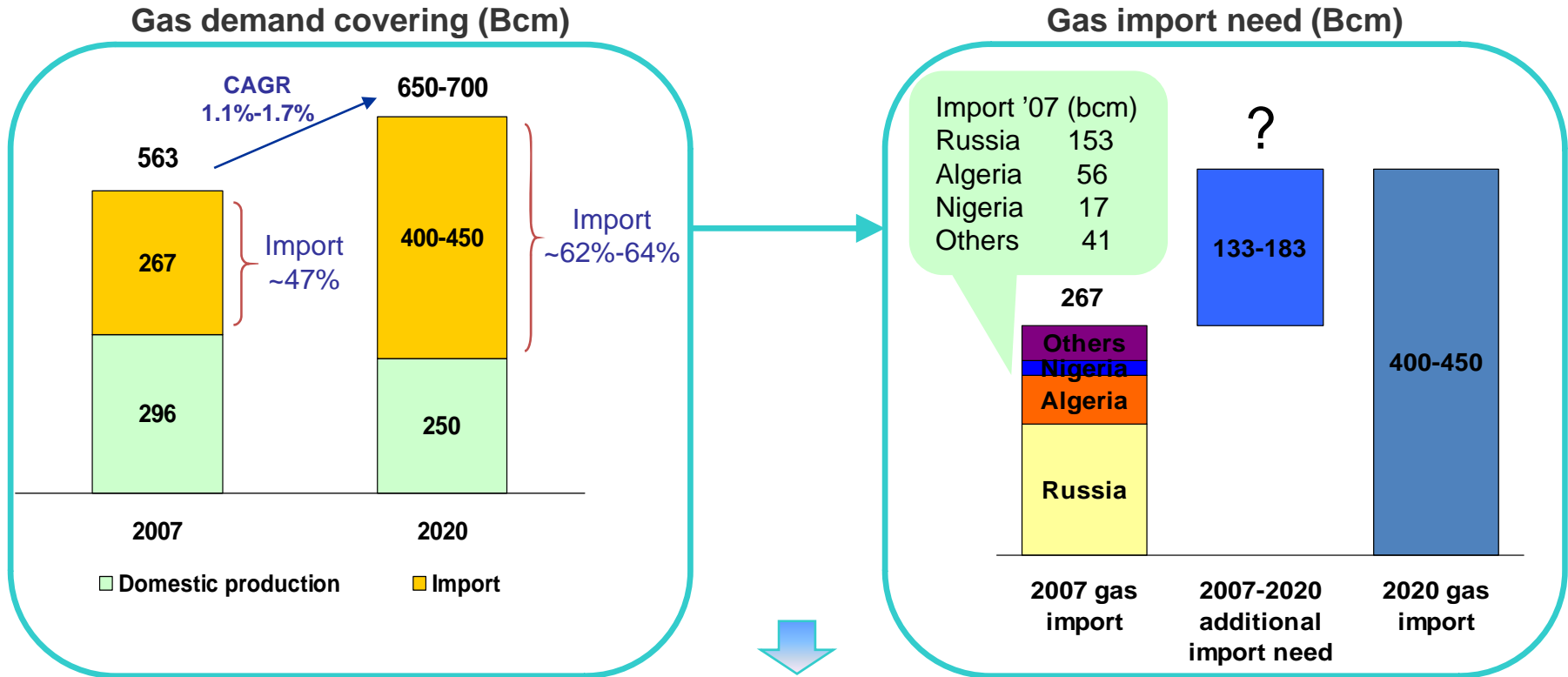
Gas production



- Domestic production will decrease from 296 Bcm in 2007 to 250 Bcm in 2020.
- Reduction mainly driven by UK decreasing production
- Main EU30 producer in 2020: Norway

**Increasing demand coupled with decreasing production leads to a growing dependence on imports**

# Increasing Dependence on Import



Traditional EU supplier will not be able to cover the full demand requirements. **Opening the Southern Gas Corridor for at least 70 bcm/y by 2020 is Mandatory.**

# SUPPLY: Timing of Caspian & ME Gas Reserves

Azerbaijan is the only Country in the area that is ready as of **today** to finalize a supply agreement with the EU for approx. 7 bcm/y, starting in 2014/15.

All other Countries, although rich in terms of reserves, are not ready (due to political, infrastructural and investment constraints) to take any short term binding commitment with EU.



From South Pars



Gas export availability for EU: 2013/14    >2015    2020    >2020

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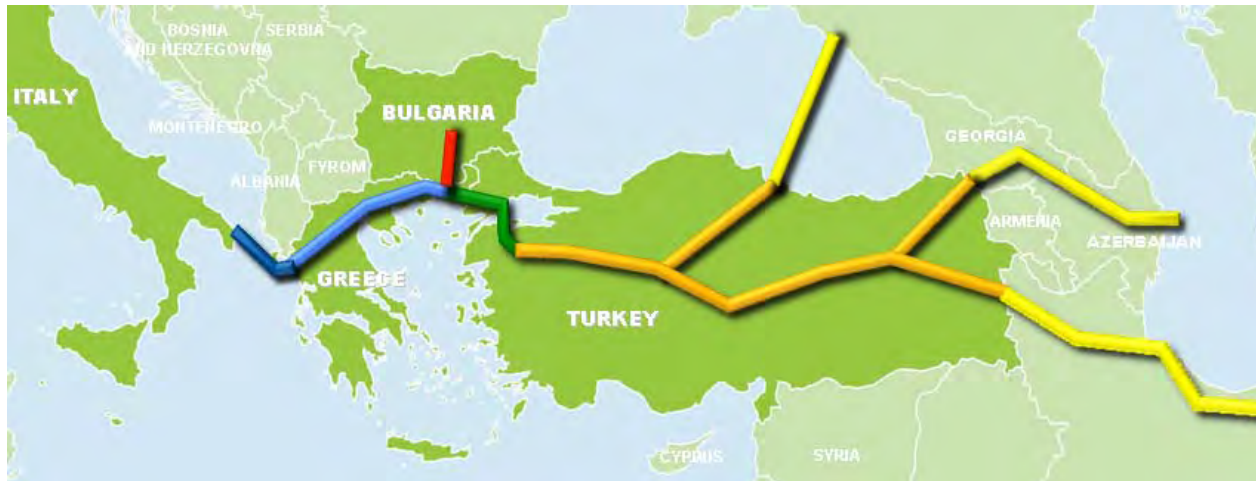


## Project Progress - Significance

- Project Progress
- Project Significance

# Overview of the Project

The Poseidon Pipeline is the offshore missing link of the ITGI Pipeline connecting Turkey, Greece and Italy.



The ITGI Project includes:

- ❑ the **Turkish Grid**
- ❑ the **ITG Project**, Interconnector Turkey-Greece, in operation since November 2007
- ❑ the **IGI Project** which consists of:
  - **The Greek Onshore section**, under development by DESFA and
  - **The Poseidon Pipeline**, under development by IGI Poseidon S.A.

# Poseidon Pipeline

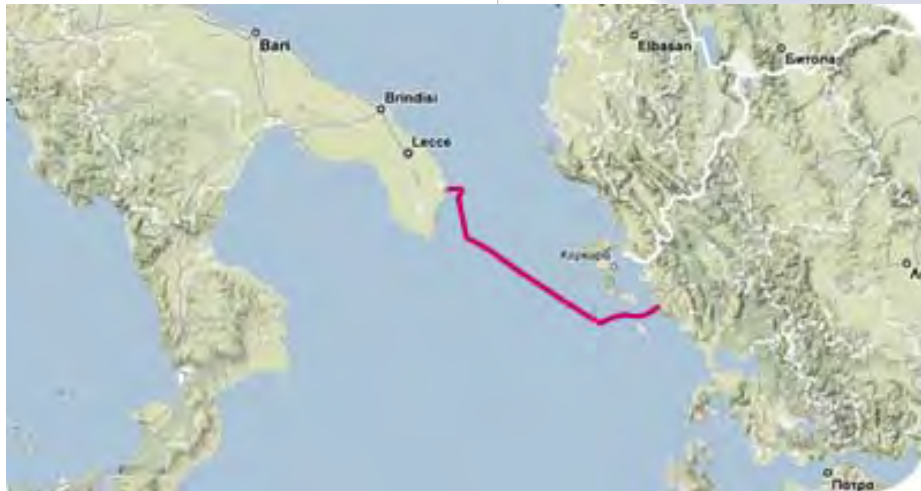
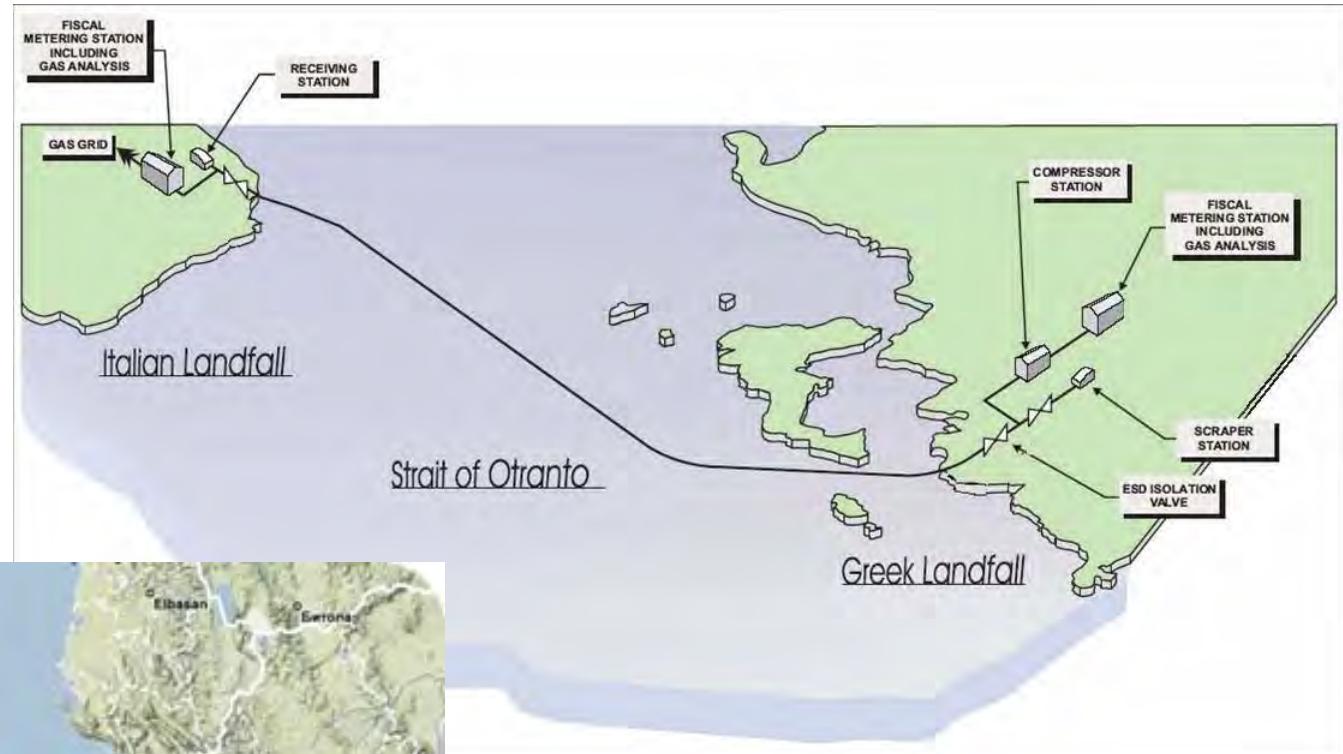
## ***Poseidon Pipeline***

**Length: 207 Km**

**Max. Depth: 1370 m**

**Diameter: 32"**

**Investment: 500 M€**



Initial Capacity: 8 -9 bcm/y



# IGI Poseidon S.A.

■ IGI Poseidon S.A. is the project company that will develop, build and operate the offshore section of the IGI Project, namely the Poseidon Pipeline.

■ The Poseidon Pipeline starts from the Metering & Compression facilities in the Greek Ionian Coast and ends in the measuring station in Otranto.

■ IGI Poseidon S.A. was incorporated in June 2008 in Athens under Greek Laws.

■ [www.igi-poseidon.com](http://www.igi-poseidon.com)



## POSEIDON PIPELINE CAPACITY

**TPA Exempted Capacity:** 8 Bcm/y

**Initial Open Season Capacity:** 1 Bcm/y

**Potential Capacity Upgrade:** up to 3 Bcm/y

# AGENDA



## European Gas Market

- Evolution
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## Poseidon Pipeline

- Introduction
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## Project Progress - Significance

- Project Progress
- Project Significance

# ITGI Development Status

Out of Southern Gas Corridor projects, the ITGI Project is the one having reached the most advanced stage of development, having already:

IGI Poseidon

Obtained a TPA Exemption (6/07) & Started Open Season Procedure (6/08)  
Filed the construction authorisation requests to Italy and Greece (11/06 and 6/07)  
Completed the Basic Engineering and Reconnaissance Marine Survey activities (1/08)  
Started Detail Engineering phase (6/08)  
Filed application for EERP funding (7/09)

Greece  
and  
Turkey

Secured transit capacity in Greece (first come first served allocation principles)  
Secured transit capacity on the ITG & agreed a sustainable transit regime in Turkey (Turkey-Greece-Italy IGA, 7/07)

**The Final Investment Decision for the realization of the ITGI Project could be taken in 2010, provided that sufficient gas supply and transit agreements are timely finalized.**

# Milestones Achieved

- Intergovernmental Agreements between Greece, Italy, Turkey and Azerbaijan have been signed in order to guarantee the political support for the realisation of the IGI Project and create a stable regulatory framework, favouring its development.
- In June 2007 a Third Party Access exemption under art. 22 of Directive 55/2003/CE for the initial capacity of the Poseidon Pipeline and for 25 years was granted to DEPA and Edison, now IGI Poseidon, by the Italian Government in agreement with the Greek Government, the relevant Energy Regulators and following the EU Decision issued in May 2007. The Open Season Procedure for the Poseidon Pipeline was launched on 20 June 2008.
- The Reconnaissance Marine Survey activity was performed in the second half of 2007 and it allowed the finalization of the Route Selection Study.

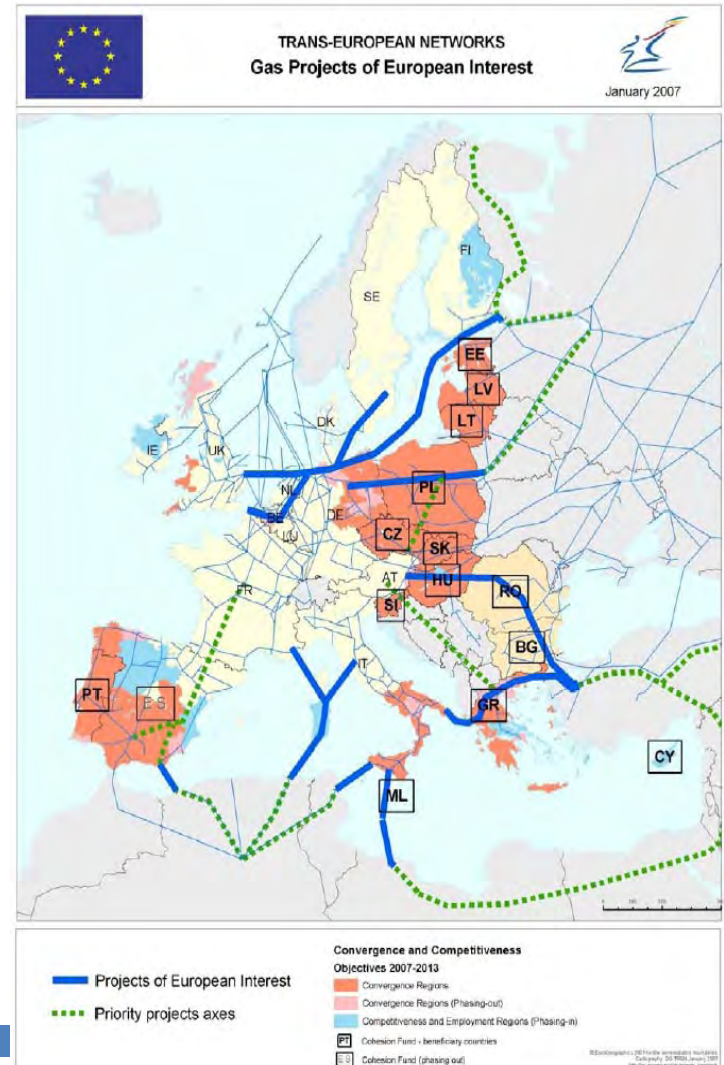
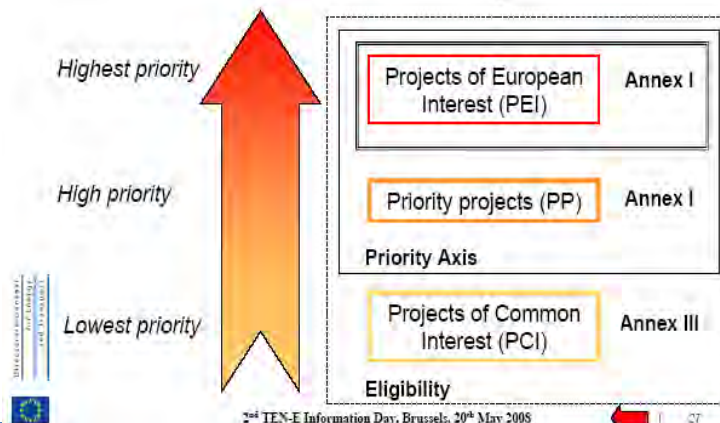
# Milestones Achieved

- The IGI Poseidon S.A. company was incorporated in Athens under the laws of Greece in June 2008.
- The Detail Marine Survey Engineering and Advisory Service (DMSEAS) contract was awarded to JP Kenny after European Tender.
- The conclusion of the prequalification phase for the Design Appraisal and Verification Services for Certification of the IGI – Poseidon Project is scheduled for the end of November 2009.
- The FEED contract is scheduled to be awarded by the end of November 2009.
- The Detail Marine Survey contract is scheduled to be awarded by the end of this year.

# The European Relevance of the ITGI Project

THE ITGI IS A PROJECT OF EUROPEAN INTEREST (Dec. 1364/2006/EC)

- The EU recognised the strategic relevance of the ITGI Project with:
  - the inclusion of ITGI-Poseidon among the Southern Gas Corridor Projects of the announced **European Recovery Plan (100 M€)**;
  - the grant of a 25 years **TPA Exemption** Art.22 of Directive 55/2003 to Poseidon pipeline;
  - the inclusion of the ITGI project among the **Projects of European Interest**, having the highest priority within EU.



# ITGI Relevance for the Balkan Peninsula

ITGI provides to enhance security of gas supply to Greece also through the full TPA access on Virtual reverse flow of the Poseidon Pipeline and, therefore, the possibility to implement **solidarity mechanisms** (i.e. balancing the networks through Italian Storages and Revithoussa LNG) in the event of gas supply shortages in some routes.



ITGI is also one of the most realistic opportunities of gas supply for the concept of the **Energy Community Gas Ring**, contributing to the development of the SEE region.

ITGI could represent an important source of gas supply for Eastern Balkan countries heavily dependent on Russian import such as Bulgaria (as highlighted in the last winter crisis) through the proposed interconnection, included in the European Economic Recovery Plan, from **Komotini**, starting point of the IGI Project, and Haskovo.



## Shah Deniz Phase 2 and ITGI Project

- The ITGI Project is the most advanced opportunity to link Azerbaijan to Europe, as:
  - Most of the infrastructure is already in place;
  - the only project ready to take the final investment decision, having already finalized TPA exemption, authorization and technical activities
- The ITGI Project time schedule secures the possibility of starting the commercial operation of Shah Deniz 2 the soonest.
- The ITGI Project is the only Southern Corridor priority project that **can be sanctioned based only on the available volumes from SD2 beyond Turkey (7bcm/y)** and without requiring further financial assistance or complementary gas sources.
- Due to its limited investments and coherent size, **the ITGI project is likely to offer the best netback values to Shah Deniz Consortium.**

**The ITGI Project represents the first step in the realization of the Southern Gas Corridor, as it will enhance further development of Caspian gas resources facilitating the realization of other transit project through Turkey.**





THANK YOU