



Country: Greece

Population: 10.9 mln

GDP: €184.5 bln (2016)

Unemployment rate: 23.6% (2016)

Inflation Rate: 2% (as of Feb 2017)

Net Power Consumption:

50,107 GWh (2016)

Net Power Generation:

41,556 GWh (2016)

Gas Demand:

3.83 bcm (2016)

LNG Imports:

0.58 mln t (2016)

Crude Oil Imports:

171.96 mln bbl (2016)

Sources: Bank of Greece, DESFA, EC, LAGIE, IMF



Infrastructure Update

- Energean Oil & Gas, along with the EPC contract signed with Montenegro for 2 offshore blocks, is also progressing with the development of the Karish and Tanin gas fields in Israel. The company will also invest €200m to increase production in the Prinos field in Greece to 10kbbpd by 2018.
- The project work of the Greek part of the Trans Adriatic Pipeline is currently conducted at the area of Rodopi in Thrace and full completion is due by the end of 2018.
- The feasibility study for the 'East Med' pipeline has been officially presented to the EC. Linking Israel, Cyprus and Greece to the Italian coast, 'East Med' should rank as the world's biggest underwater pipeline project. The study concludes that the project is commercially viable and technically feasible with an estimated cost of \$6 bn. The aim is to launch its operations in 2021.

Regulation Update

- DEDA, a newly formed distribution company by Public Gas Corporation, will be responsible for the development and expansion of gas networks in regions other than Attiki, Thessaloniki and Thessaly, starting from 1st Jan, 2017. The strategic plan of DEDA includes at least 18 cities in Central, Western and Northern Greece so far.
- The 24% equity acquisition in ADMIE, the Electricity Transmission Network Operator, by the Chinese State Grid remains subject to 2 pending items: i) safeguarding the Operator's independence, ii) compliance with the EU law.
- Public consultation on the 1st framework for the utilisation of small-scale wind turbines is about to start. According to insight info, net-metering will be applied for very small turbines (2-3 kW) in the same logic as currently applied for residential PVs. For larger turbines local tenders will be issued with a regulated offer price ceiling for interested investors.

Politics & Macroeconomic Update

- The Hellenic Republic Asset Development Fund decided on 16 Mar, 2017 to proceed with a new tender for DESFA, as the previous one was terminated following SOCAR's withdrawal from the tender process in Nov 2016.
- The Public Power Corporation (PPC) is under pressure to sell individual power stations by Feb 2018, in order to cater for the opening of wholesale market. As an alternative, PPC suggested selling bundles of existing customers to third parties, which seems to be dismissed by Greece's International Creditors.
- PPC Renewables will proceed to an international tender to choose strategic partner for the exploration, development and production of four geothermal fields in Lesbos, Nisyros, Milos and Methana.

GEF Forward View

Public discussion in Greece has been recently shifted towards the domestic energy market and its essential modernisation. This has been mainly so due to the respective requirements of the country's International Creditors and also due to the worrying condition of PPC, which is by far the largest national energy supplier. Despite the inherent challenges, this development inevitably places into the national spotlight the necessary breakthroughs that need - and eventually will - happen both in the electricity and the gas sector. The latter is expected to join—once more—the forefront of reforms towards the end of Q3 17.

Market Update

- Gas demand increased significantly in 2016 reaching 3.83 bcm, with 54% constituting of gas-to-power demand (44 TWh in 2016, compared to 33 TWh in 2015, an increase of 31% y-o-y). Industrial consumption was down by 6.2% y-o-y in 2016.
- In Feb 2017, PPC's market share stood at 88.58% (-1% m-o-m) but still much higher than the '<50% target by 2020'. PPC has been strongly affected by the excessive charges of the Load Representatives Uplift Charge for RES Special Account of Interconnected System and Network, creating uncertainty on the total wholesale cost for energy suppliers. However, this uncertainty has been tackled by the Regulator (Decisions 149 & 150/2017) to impose a €15/MWh cap on hourly charges.
- The consortium of Hellenic Petroleum (HELPE), Total and Edison, signed an agreement with the Energy Ministry for the exploration and exploitation license concerning Block 2, an offshore block in the Ionian Sea. This development will encourage the potential future cooperation with other significant International Oil Companies, improving the perspectives of Greek E&P sector. Exxon Mobil appears ready to sign a strategic partnership agreement with HELPE, with the prospect of a joint participation in an upcoming tender for new hydrocarbon licenses. Apart from the above agreement, negotiations have begun with HELPE for a license concerning Block 10, at the Gulf of Kyprissia, west of Peloponnese.
- The 1st auction for new RES projects was carried out on 12 Dec, 2016. The pilot auction only included PV projects and awarded a total of 40MW, split into 2 categories; 4.8 MW for PV projects with capacity up to 1.0 MW and 35.2 MW for PV projects with capacity between 1.0 MW and 10.0 MW. The auction is deemed successful, since prices dropped by 15% from the starting price while remaining satisfactory for the investors. Winning projects will be awarded a variable premium on top of the fixed premium. Successful bids ranged from €94.97 to €104.00 per MWh for small projects, and €79.97 to €88.00 per MWh for the larger ones. New auctions are expected to occur later this year including wind power projects.