



Country: Greece

Population: 10,775,643

GDP: \$297.17 billion

Unemployment rate: 24.9%

Inflation Rate: -0.9%

Net Power Consumption:

56,996 GWh (2015)

Net Power Generation:

47,387 GWh (2015)

Gas Demand:

2.96 bcm (2015)

LNG Imports:

0.45 mln tonnes (2015)

Crude Oil Imports:

161.67 mln barrels (2015)



Infrastructure Update

- Binding offers for **IGB pipeline** are due in October. 9 companies expressed their interest to cover 4.3 bcm and 1 bcm of forward (Greece to Bulgaria) and reverse flow capacity respectively during the recent successful market test.
- The other major pipeline project, **TAP**, is already under construction and its operational start remains on schedule and due in 2020.
- The **1st offshore wind park in Greece** has been completed. The 73.2MW farm on “Agios Georgios” islet will be connected to national grid and will be constructed and operated by Terna Energy.

Regulation Update

- **New “NOME-type” forwards of lignite and hydro power** are about to start, aiming at reducing PPC’s retail market share <50% by 2019 (now 90%). 1st auction starting price is 37.37 €/MWh.
- Regulator (RAE) has invited eligible power generators to join the **transitional Flexibility Service Capacity Mechanism** (Law 4389/2016) effective for period May 2016-April 2017.
- A **new law was introduced for the support of new/existing RES** investments addressing key issues such as Pricing (FITs and Feed-in-Premiums) and Permits Issuance.

Politics & Macroeconomic Update

- The Government reaches the stage of **2nd Review of the ongoing Programme** (EC, ECB, IMF). 15 milestone actions - including the completion of the ADMIE privatisation and the review of gas network tariffs - are deemed to be still pending.
- **ADMIE Privatisation** (Electricity TSO) - TERNA, RTE and China Grid have expressed their interest to obtain 24% of ADMIE. Binding offers are due by 15th Oct 2016.
- **DESFA privatisation** (Gas TSO) faces risk of collapsing following the unexpected change of tariffs code as instructed by the Ministry. Completion deadline is deemed to be end-Sep, which is the expiry date of Socar’s Letter of Guarantee.

GEF Forward View

Greece is progressing with gas market liberalization, a new RES support scheme along EU Guidelines, the elimination of PPC’s dominant market position. Mixed signaling though from energy privatisations; ADMIE is progressing but only with a 24% stake on sale; DESFA faces possible cancellation; JV schemes on generation assets might be the way fwd for PPC; DEPA IPO features as a likely alternative to privatisation. Definitely worth keeping an eye on upcoming developments...

Market Update

- The **latest quarterly DEPA gas release auction** is due on 13/9/16. The starting price was 17.28 \$/MWh. The next annual auction is due in October.
- **H1 2016 Russian gas imports into Greece** have increased by 66.2% y-o-y. This has been mainly driven by the impressive ramp up of domestic gas-to-power demand. Indicatively, YTD sales of DEPA to power generators more than doubled whereas its overall sales jumped up by 46% vs. last year
- Delek Drilling and Avner signed a deal valued at \$148m, for the sale of 100% of their holdings in the Karish and Tanin natural gas fields to the Greek energy company **Energiean Oil & Gas**. The fields hold about 60 bcm of gas reserves, which will eventually feed the Israeli market with "non-monopolized" gas. Israeli’ authorities’ approval is due in mid-October.
- **Hellenic Petroleum (HELPE) and Russian oil major Rosneft** have reached an agreement for increased cooperation in crude and petroleum products. The 1st crude cargo is expected to arrive in Greece in end-Sep. Furthermore, discussions between HELPE and Iran progress for new refining capacity that will process Iranian crude and supply European markets with petroleum products.
- Gas Transmission operators in Bulgaria (Bulgartransgaz) and Greece (DESFA) have signed an **interconnection agreement allowing market players to transport gas on both directions**– including from liquefied natural gas sources – between the two countries for the first time, starting 1 July 2016.
- Both the interconnection agreement between Bulgarian and Greek TSOs and the success of the recent IGB market test indicate a generous opening up of cross-regional trading opportunities in the region. This momentum can definitely favour the prospects of the planned **FSRU/LNG project in Alexandroupoli**.