



ITGI system, The best option for opening the Southern Corridor

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High gas import dependency of CEE/SEE on Gazprom

Gas demand growth calls for urgent supply diversification

- **European dependency on the Russian Federation** for its supply with sufficient volumes of natural gas **increases as you move eastwards**.

- **Currently up to 100% gas supply dependence** on Gazprom for certain countries, mostly found in **Central and South Eastern Europe (CEE/SEE)**.

- **Russo-Ukrainian crisis** of January 2009 highlighted the **region's vulnerability** in gas supply terms.

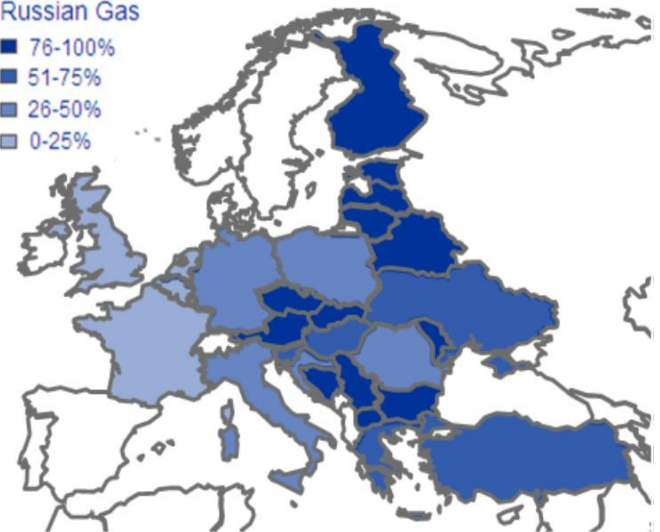
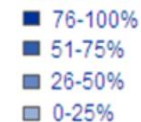
- CEE/SEE import requirement with regard to gas **aggravated by declining domestic production**.

- Low per capita energy demand in region suggests **strong potential for gas demand growth**.

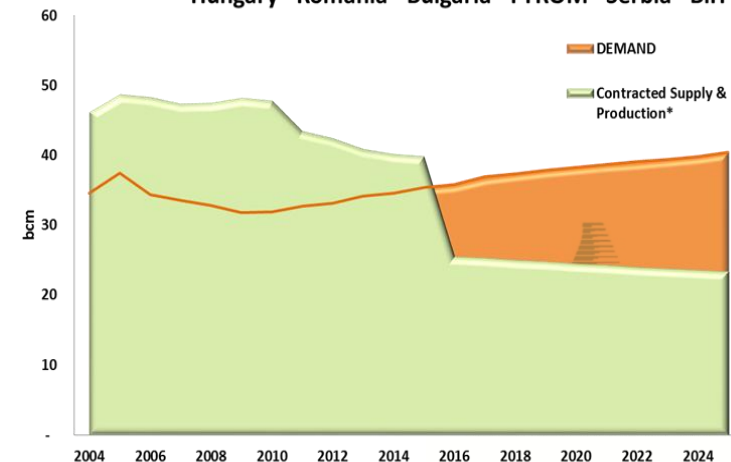
- **Vulnerability of CEE/SEE to escalate** as domestic production of natural gas declines and the fuel's importance in the regional energy mix increases.

- Average Import Dependency of SEE countries indicated on the right was already ~93% in 2010.

Dependence on Russian Gas



Hungary - Romania - Bulgaria - FYROM - Serbia - BiH



The ITGI System can spur the development of the Southern Corridor because...

It is the most mature and advanced project of the Corridor



The ITGI System can spur the development of the Southern Corridor because...

Its volumes are commensurate with the SD-2 volumes and timing



The ITGI System can spur the development of the Southern Corridor because...

It is scalable, allowing progressive expansion to meet supply and demand growth



The ITGI System can spur the development of the Southern Corridor because...

It allows for phased growth of the Corridor (Phase 1- ITGI, Phase 2 – large infrastructure such as Nabucco)



The ITGI System can spur the development of the Southern Corridor because...

It provides for reverse flows, thereby facilitating greater flexibility and security



The ITGI System can spur the development of the Southern Corridor because...

It reinforces the prospects for developing new interconnections, enabling supply to the whole region



Nabucco

BP's 4th Option



Trans Adriatic Pipeline (TAP)



South Stream



AGRI Project



Flows from Cyprus/Israel



ITGI is the best choice for opening the Southern Corridor because...

Commerciality

- Target markets are Italy and SEE;
- Attractive to SD2 since their proximity to the source allows for a higher net back value.

Public Policy Consideration

- Responds to Europe's urgent request and policy to open the Southern Corridor ASAP;
- At a 2nd stage, ITGI's modest size, allows for Nabucco to complement Europe's demand as additional gas sources become available (Absheron, Turkmenistan, Iraq, etc.).

Financial Deliverability

- Co-financing from EC, secured through the E.E.P.R., up to €145 million for the construction of Poseidon and IGB;
- A hybrid financing model consisting of a mixture of corporate financing, loans from EIB and other European Financing Institutions as well as the use of export credit agencies;
- Assuming selection from SD2 and firm ship-or-pay contracts, Poseidon is a sound investment and provides sufficient confidence to easily attract the necessary loans.

ITGI is the best choice for opening the Southern Corridor because...

Engineering Design

- most technically mature project of the Southern Corridor;
- FEED is almost complete;
- DMS field works are complete with only labwork and reporting remaining;
- A dedicated third party Appraises and Verifies the work done by the Engineer to ensure compliance with the highest standards of design and construction;
- ITGI's technical competence has been reaffirmed through its accurate cost estimate which was almost identical with the cost estimate SD2's technical team derived.

Alignment and Transparency towards SD2

- ITGI is committed to cooperate with SD2;
- ITGI is the only project that, due to its technical maturity and regulatory progress, can ensure alignment with the timeline of the full development of the SD2 field.

Operability

- Upstream and Downstream transit rights have been secured according to Greek and Italian regulatory regimes;
- ITGI has a TPA exemption for 8 bcma already ratified by the EC.

ITGI is the best choice for opening the Southern Corridor because...

Environment, Safety, Society

- All the Environmental licences required by the Italian and Greek side have been issued;
- at every step ITGI adheres to best practices and most technologically advanced procedures;
- ITGI has taken into consideration the opinions and the concerns of the communities on the route of the pipeline.

Scalability

- ITGI system will provide 10 bcma with a potential upgrade up to 16 bcma to the Italian Market;
- ITGI system will provide 3bcma with a potential upgrade up to 5bcma to Bulgaria and the SEE market;
- ITGI's scalability, combined with its diversified market reach, mitigates its exposure to individual markets.

Project Deliverability

- ITGI, has proven that it can react efficiently and immediately to any problems that might arise;
- Through careful business planning, ITGI has identified and mitigated the associated risks it might face, ensuring its capability to execute the project within the estimated budget.

Greece as an emerging energy hub



DEPA, together with its strategic partners, is at the forefront of gas market developments in Greece and the SEE region

