The IGB Project

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IGB Project: Key Facts

- The IGB project is a gas interconnector pipeline that will link the Greek natural gas system with the Bulgarian one in a Cross-Border context.
- The project is managed by an on-purpose Company, ICGB AD, incorporated in 2011 under the Bulgarian Law with headquarters in Sofia. The ultimate Shareholders structure sees Bulgarian Energy Holding and IGI Poseidon participating in the company on an equal basis. IGI Poseidon is a 50/50 company controlled by DEPA and EDISON.
- ICGB is aiming to operate the pipeline under an “exempted” framework and has applied for an exemption from TSOs’ obligations such as Unbundling Ownership, Regulated Tariff and Third Party Access, in accordance to art. 36 of the 73/2009/EC gas directive. ICGB will therefore sell gas transportation services to third party shippers and TSOs.

**KEY PROJECT INFO**
- Length: 182 Km
- Capacity: 3-5 bcm/y
- Diameter: 32”
- Construction CAPEX: 220 M€
- COD: H1 2020
- Sovereign guarantee: 110 M €

**SHAREHOLDERS STRUCTURE**

**GEOGRAPHICAL LOCATION AND INTERCONNECTIONS**
IGB project Strategic Role in the SE-CE Markets

Contribution to Bulgarian market evolution

- Security of Supply enhancement by doubling the entry capacity.
- Transit capacity increase into SEE countries taking advantage of other interconnections, such as IBR (BG-RO), IBS (BG-SER), linked through the BTG network.
- Bulgarian Hub building up

Diversification & Flexibility

- Diversification of imported gas through Greece with complementary supply sources from the Caspian Region, Middle East, East Med and LNG (through existing/new terminals in Greece and of the region).

Access to South Corridor

- In particular IGB will be physically connected to DESFA, TAP and Bulgartransgaz and to Greek LNG terminals:
  - Enabling access of the SEE markets to the Southern Corridor.
  - Enabling access of Ukraine and Central Europe to the Southern Corridor.
  - Contributing to vertical corridor implementation as sponsored by the EU within the CESEC framework.

Pioneer

- The Bulgarian system currently relies almost exclusively on a single source (95% of the whole market) and on a single North to South route for its supply and market needs. IGB will be the first Bulgarian Cross-Border route that will be at disposal for new-entry Shippers.
Key Project Achievements

**EEPR & Structural Funds**

- Obtained up to 45 m€ grant under the EEPR (European Energy Program for Recovery) sponsored by the EU. The EEPR contributes to reducing the Capex impact on the tariff.
- ICGB is seeking Structural Funds from Greece and Bulgaria, to enhance the bankability of the project.

**PCI and CESEC Enlisting**

- IGB is a PCI (Project of Common Interest) and a priority project in the CESEC initiative (Central and South- Eastern European Gas Connectivity).
- IGB is included in the Greek and Bulgarian Ten Years Network Development Plan.
- MoU among all operators from Vertical corridor signed on 19 July 2017.

**Permits**

- Environmental Impact Assessment completed in both countries.
- Technical Development Activities (FEED, Routing and Technical Design) completed in both countries.
- Rights of Way in Bulgaria finalized for approx. 4000 plots.
- Land acquisition, including expropriation procedure in Bulgaria finalized – for all affected plots and owners.
- Construction Permit – for BG territory expected Q3 2017; for Greek territory – Q1 2018.
Key Project Achievements

4. Market Test

- The Binding Phase of the Market Test successfully ended on 30th November 2016.
- Advanced Reservation Capacity Agreement executed by the Shippers who booked capacity on February 2017.
- The ARCAs signature allows the refinement of the exemption application in accordance to the outcomes of the market test.
- GTAs to be signed following TPA Exemption

5. FID

- In December 2015, the Shareholders took the Final Investment Decision, allowing the project to enter into the final development and start of construction phase (with actual capitalization of the company for construction CAPEX expenditures).
- The economic, commercial and financial structure has been approved by the Shareholders.

6. EPC and line pipe supply

- Ongoing development of Procurement Package for EPC and line pipe supply under Bulgarian PPA.
- Package for the tenders to be finished in Q3 of 2017.
- Launching of tenders planned in Q4 of 2017.
Accomplishments for the exemption

- The finalization of the market test (November 2016) is a major accomplishment.
- The Exemption refinement was submitted to the NRAs at the end of July 2017. Final decision of both NRAs and the Commission is expected in January 2018.

- The IGB is developed as a market based project, aiming at bringing diversified gas, competition and affordable prices into SE Europe.