

IGB Project

(Gas Interconnector Greece-Bulgaria)

Update on project developments as of October - November 2015

Fostering New Regional Gas Routes

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IGB Project Regional Pivotal Role

The IGB Project represents the pivotal infrastructure of the vertical gas corridor.

Diversification & Flexibility

IGB allows to connect Bulgaria and other SEE gas markets with **complementary supply sources** - Caspian Region, Middle East, East Med and LNG (through existing/new terminals in Greece and/or Turkey).

Access to Southern Corridor

IGB will enable **the access of the regional markets to the Southern Corridor**. *In this light, a MoU for cooperation has been signed in 2013 with TAP.*

Security of supply

Diversified gas, imported through Greece- Bulgaria via IGB (BG-GR), can be transited into SEE countries taking advantage of **other interconnections**, such as IBR (BG-RO), IBS (BG-SER).

EU Vertical Corridor

IGB will be strategic and will contribute to the realization of the **vertical corridor strategy sponsored by the EU**.



IGB Project: Overview

IGB is a 32" diameter, 182km cross-country high pressure gas pipeline between Komotini (Greece) and Stara Zagora (Bulgaria): approx. 31 km of the route is in Greece, 151km in Bulgaria.

Capacity

Technical capacity is planned to be **up to 3 bcm/y**, with the possibility for future increase up to 5 bcm/y through the installation of a compressor station; MOP is 75 bar;

CAPEX

The construction phase CAPEX is expected to be approx. 220 M€ (for capacity up to 3 bcm/y), to be confirmed by FEED completion;

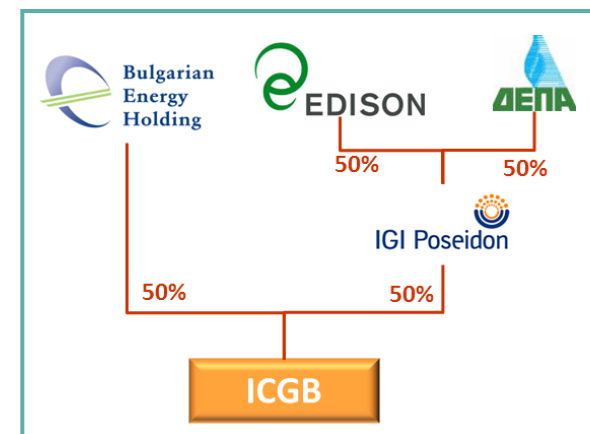
EU Support

The IGB Project has been included in the **EU list for Projects of Common Interest** and is beneficiary of a **45 M€ grant in the framework of the EEPR** applicable until the envisaged COD in 2018; IGB is one of the 7 top CESEC Projects for energy security.

National Status

IGB is a Project of "**National Importance**" as per Decision of Bulgarian Council of Ministers and Greek Law 4001/2001.

IGB is the only energy project authorized to apply for *Bulgarian State Financial Guarantee* of up to **110 M€ as approved by the Council of Ministers for the 2016 budget**.



IGB Project: Status and Ongoing Procedures

□ Technical and Permitting Activities

➤ EIA approvals in Greece and Bulgaria	Obtained
➤ Detailed routing for construction (spatial plans), including permits	In Greece, Approved In Bulgaria, Approved
➤ FEED & Engineering Design work	In Greece: completed In Bulgaria: Engineering package has been fully developed; ICGB concluding final agreements with National Road Authorities; the procedure for definitive approval by the Ministry of Regional Development is in a final stage
➤ Land acquisition and Right of Way required for building permits issuance	Company has launched the land acquisition and RoW process following a 2015 capital increase to 16.9M€ ; First land plots for AGIs have been purchased; Outcome of the procedure expected by Q1 2016

□ Regulatory and Commercial Activities

➤ “Art. 36” Exemption Application for the Project submitted before the National Regulatory Authorities of Bulgaria and Greece;	Exemption application status: to be refined by ICGB upon finalization of the project economics, incl. capacity allocation capable to underpin the exemption request;
➤ Market Test for capacity allocation conducted by Sept 2014, in the context of par.6 of art.36; In October 2015, ICGB AD addressed a formal proposal to NRAs for a Market Test re-performance due to substantially changed regional gas market conditions	ICGB AD awaits authorization from NRAs to re-do the Market Test and potentially obtain optimized capacity utilization level in the re-configured gas transportation market.

□ Governance and business plan

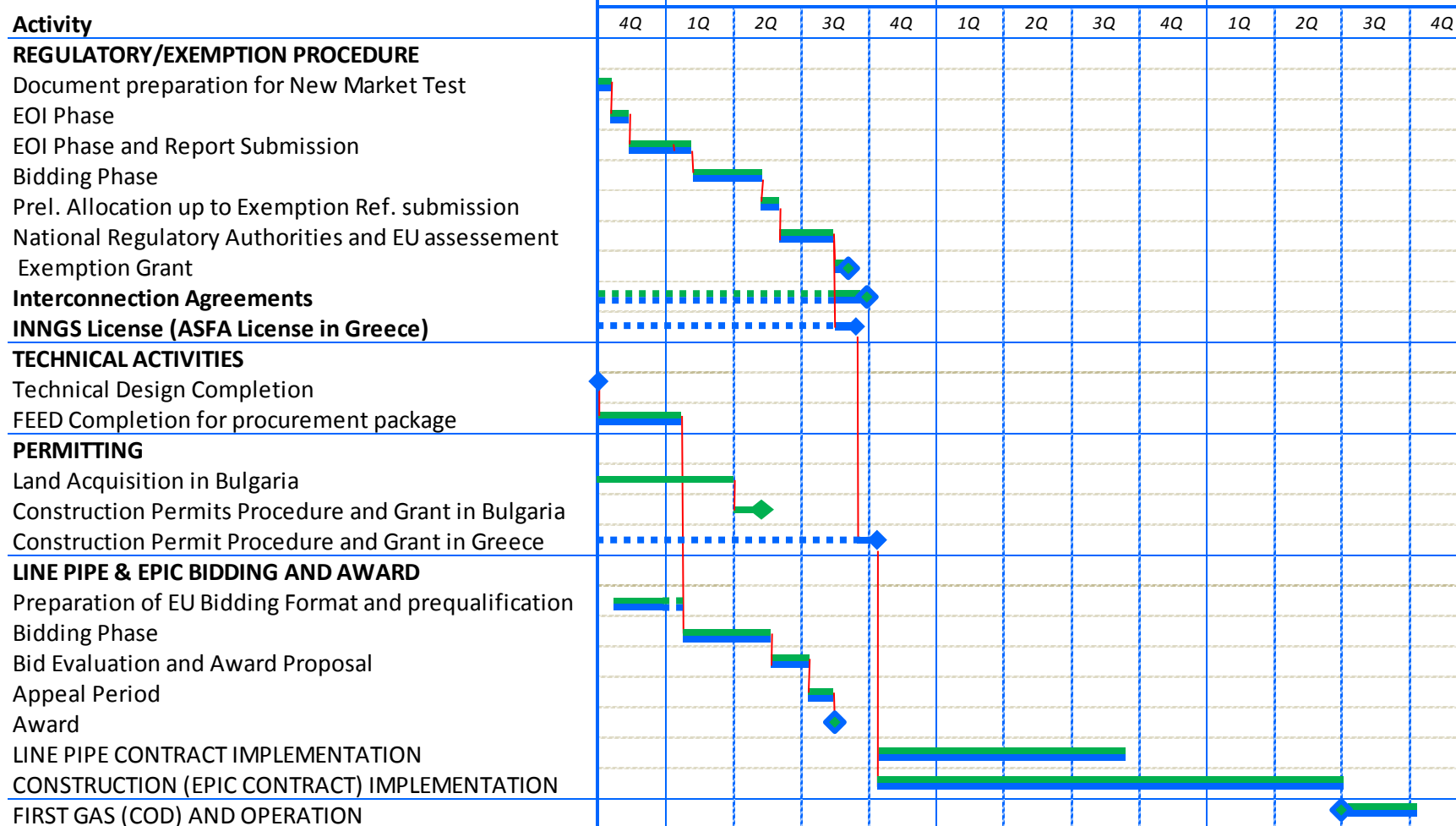
➤ Project Development Agreement (PDA) between the Shareholders in final stage of conclusion ; Interim Business Plan, Construction Budget and Liquidity Plan for investment phase are developed	PDA will allow for FID obtainment by Shareholders in 2015, as requested by the respective governments
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□ **ICGB has been capitalized with additional 10.5 Mln. Euro for closing pre-construction technical permits by 2016; Schedule to activate investment phase affected by financial sustainability on fully merchant basis (as exempted infrastructure).**

IGB Project: Overall Project Schedule

➤ Based on current status, ICGB envisages the commercial operation date by mid 2018.

Overall Project Schedule - Schematic



Mitigating measured to be assessed:

1. increased capacity booking:
 - New **market test** request by ICGB initiated through submission of the updated expression of interest phase documentation to the National Authorities on October '15; waiting for reply by the NRA for starting the procedure
 - Expected participation of new players (in addition to the previous ones) envisaged among the ones interested to export LNG in the Balkan Area and possibly shippers that will not make use of infrastructures from the Black Sea to Central Europe due to discontinuation of relevant projects.
 - Market test fully open to Bulgarian and Greek TSOs that may transfer IGB capacity to market through a one stop shop increasing effectiveness of the internal market, underpinning the security of supply through the IGB project.
2. Increase grant through access to structural funds
3. EFSI
 - EU commission support highly welcome to assess possibility to access to EFSI support

Thank You
for your attention!