

## News of the Energy Industry | May – June 2022

### **Editorial: Worst fears confirmed in the natural gas market**

The EU's spat with Russia in natural gas took a new turn in June, since Gazprom's exports to Europe were drastically reduced.

The reduction first happened in quantities through Ukraine, while Nord Stream 1's exports were severely reduced later on because of technical problems. After that, there was the scheduled maintenance of Turkish Stream that further reduced exports.

After these developments, Gazprom supplied Europe on June 22 with just 25% compared to last year's levels.

European governments responded rapidly through new emergency action plans in order to a) restore their gas storage levels and b) prepare for the next winter, which is expected to be hard if the situation is maintained or worsened.

An extra problem is the stoppage of Freeport LNG plant in the US for three months, which makes European efforts harder and reduces available LNG cargoes.

It remains to be seen whether the Russian side will increase its exports or if Moscow will choose to eliminate them. In the second case, next winter is expected to be especially tough, while there are many scenarios at play with gas curtailments.

### **Greek electricity market reform plan approved by the EU**

From July 1st, the Greek government is going to impose a price ceiling in the country's wholesale power market, in order to reduce prices for consumers.

According to the plan, a different price ceiling is set per technology, with 110 euros/MWh for hydro, 85 for renewables, 230-240 for natural gas plants and 200 for lignite plants.

Using excess earnings from power producers, that is the difference between the ceiling and the free-formed price in the market, the government expects to finance the reduction of prices for consumers.

During H2 2022, the total subsidies for consumers are expected to reach 3.2 billion euros and that way 85% of the rise in prices compared to last year will be covered.

### **New law for the simplification of the RES licensing process voted in parliament**

The new law for the simplification of renewables licensing is a grand reform and sets the base for



achieving the latest, ambitious goals set by the EU, as the Greek energy and environment minister, Kostas Skekas, said during the bill's voting process in parliament.

This year, 2 GW of new renewables are expected to be installed, which will turn Greece into a leader globally, while the law will further enhance the country's abilities.

The law enhances the country's energy security and sets the necessary basis for becoming a green energy hub through new interconnections. Moreover, there is now a framework compatible to the European plan REPower EU for faster renewables installation, while red tape is reduced.

RES sector officials have warned that a new measure designed to enable energy injection cuts of 5 percent for green electricity producers, whenever needed for grid security, would threaten the sustainability of RES units.

### **Higher gas cost increased power prices in June**

The rise of natural gas prices in Europe was severe after the latest negative developments concerning Russian supplies. Its price was increased from 85 to 13 euros/MWh.

The result was a corresponding rise in wholesale power prices in Greece, which reached 250-300 euros/MWh near the end of June.

Similarly, prices increased in neighboring markets, with Italy reaching 350 euros and Bulgaria near 250 euros.

### **Energiean Power FPSO arrives in Israel**

Energiean plc is pleased to announce that the Energiean Power FPSO has arrived on location in Israel.

The FPSO was transported by two tugs from Sembcorp Marine's Admiralty Yard in Singapore to Israel. The 5,532 nautical mile-long journey took 35 days, crossing six seas and passing through the Suez Canal.

Energiean will immediately commence hook-up and commissioning operations, which includes risers and jumpers installation as well as the commissioning of the sales gas pipeline. Energiean expects approximately three - four months of commissioning before first gas, which remains on track for Q3 this year.

Mathios Rigas, Chief Executive Officer of Energiean, commented:

"I am delighted to confirm that the Energiean Power FPSO has arrived on location in Israel. This marks a major step forward in delivering first gas from Karish which remains on track for Q3 2022. We look forward to continuing our progress through Karish first gas, the commercialisation of the newly defined Olympus Area and contributing to energy security and competition of supply for the region."



### **Motor Oil's Q1 earnings rise to EUR 197 million**

Greek refiner Motor Oil's first quarter income increased to EUR 3.2 billion versus 1.88 billion during Q1 2021.

Earnings also increased from 64.8 million to 197 million euros.

The group's management proposed a dividend of 0,90 euro per share to shareholders, after the positive results.

### **IGB pipeline to commence commercial operation in July**

An important project for energy security in Greece and the Balkans is about to commence its operation in July.

As DEPA Trading CEO, K. Xifaras, mentioned recently, the technical completion of the project is expected in June and its commercial operation will begin in July.

The goal is to initially supply Bulgaria with natural gas from sources other than Russia.

### **HEPI: Greek household electricity cost rose 13% in May**

The price of electricity for Greek household consumers rose in May by 13% on a monthly basis, however Greece remains among the cheapest in Europe.

According to Household Energy Price Index's (HEPI) monthly research, which includes prices in 33 European cities, prices rose last month. The greatest rises were recorded in Liubliana (29%), Riga (26%), Dublin (18%), Athens (13%) and Prague (6%).

Athens remains low in the general list, specifically at the 16th position.

### **Greek refiners replaced Russian crude oil**

The two Greek refiners, HELPE and Motor Oil have already substituted Russian crude oil in their operations.

According to sources from the two groups, they do not expect to face supply issues, since they are prepared to face any event as part of European decrees to reduce imports from Russia.

The two groups had a low dependency on Russian oil to begin with. Motor Oil used to import 5-7% of its needs from Russia, while HELPE imported 18% of its own crude.

### **Parkwind and Intrakat collaborate for offshore wind in Greece**

Belgian Parkwind and Greek Intrakat announced their collaboration for the development of offshore



wind energy in Greece.

Using their large experience in offshore projects and local infrastructure, the two companies complement each other perfectly, according to their announcement.