Newsletter | June 2019

Editorial: PPC and the other "hot potatoes" that the new government will inherit

PPC's negative results for Q1 2019 worried the market and were reflected in the board of the stock exchange, while they are certainly the top priority for the new government after the results of the July 7 elections.
The public corporation faces economic problems as a result of the higher CO2 prices, natural gas prices and the situation with the NOME auctions, while the tender for the divestment of its lignite plants reached a dead end and a new effort will have to be pursued.
Another important issue is **DEPA**, as New Democracy is considered willing to abandon the splitting of the company and sell 65% of it, if it becomes government.
There is also a number of issues highlighted by the European Commission in its latest report, such as the delays in the target model, the role and operation of RAE and the renewables tenders schedule.
Last but not least, there were some developments on an international level this month, since TANAP pipeline began operations. **TANAP** is a vital part of the Southern Corridor and now all that remains for the Corridor's complete operation is the completion of **TAP**. Furthermore, there is currently a first heat wave in Europe that will test the energy system's endurance.

PPC dropped to 73.9% of supply in May

PPC's share in power supply fell from 75.82% to 73.90% in May, according to the data from the Energy Exchange.
As for the alternative suppliers, the top was comprised by **Protergia** that had 5.20%, **Heron** with 5.18%, **Elpedison** with 3.96% and **NRG** with 2.11%.

Greece signs formal agreements with ExxonMobil-Total-HELPE for hydrocarbon exploration in Crete

Greece signed a formal agreement with the consortium of ExxonMobil, Total and Hellenic Petroleum (HELPE) to explore and exploit the natural resources located south and west of the island of Crete.
Greek Prime Minister Alexis Tsipras, attended the Thursday morning ceremony which celebrated the signing of the landmark agreement. Also, in attendance was **George Stathakis**, Greece's Environment and Energy Minister, **Christophe Chantepy**, the French Ambassador to Greece, and **Geoffrey Pyatt**, the US Ambassador to Greece, as well as representatives from the three companies involved.
"Today is a historic day, because Greece is making a big and decisive step to capitalize on its energy wealth," **Alexis Tsipras** said in his opening remarks at the signing ceremony.
The two agreements will still need to be ratified in Parliament following next month's general

elections before the three-member consortium can commence work.

PPC announced losses of 233.5 million Euros in Q1

PPC recorded losses of 233.5 million Euros for the first quarter of 2019. According to the company's statement, **EBITDA** were also negative at -51.3 million Euros, while the increase of operating expenses by 21.6% or 211.6 million is attributed to the higher natural gas price, the rise of SMP price by 33.6%, a higher burden from NOME auctions, as well as the rise of the price of CO2 emissions rights.
At the same time, sales reached 1.137 million Euros, reserves rose to 575 million versus 278,9 million at the end of 2018 and power demand rose by 4,2% to 14,897 GWh versus 14,291 GWh in Q1 2018. PPC's production was reduced by 6.6% at 6,285 Gwh versus 6,731 Gwh during the same period of 2018.

Energean signs deal with INGL for partial infrastructure transfer

Energean Oil & Gas has signed a Detailed Agreement with **Israel Natural Gas Lines (INGL)** for the handover of the near shore and onshore part of the infrastructure that will deliver gas from the Karish and Tanin FPSO into the Israeli national gas transmission grid. An MOU with INGL was signed in December 2018, Energean has announced in a statement.
As consideration, INGL will pay Energean 369 million **Israeli New Shekels**, approximately US$102 million, which will be paid in accordance with milestones detailed in the agreement.
The agreement covers the onshore section of the **Karish** and **Tanin** infrastructure and the near shore section of pipeline extending to approximately10km offshore. It is intended that the handover to INGL will become effective shortly after the delivery of first gas supply from the Karish field in 1Q 2021.
Following handover, INGL will be responsible for the operation and maintenance of this part of the infrastructure. Energean will not incur any charges or tariffs for use of this infrastructure.
Mathios Rigas, CEO of Energean Oil & Gas, commented:
“The agreement signed with INGL is an important milestone for the Karish and Tanin development, which will start flowing natural gas to the Israeli market in Q1 2021. This demonstrates the commitment of the Israeli government to the project, and to long-term development of gas resources offshore Israel. The infrastructure being built by Energean will enable connection of future gas discoveries to the system, further contributing to Israel’s energy security and diversity of supply. We thank INGL management and professional team for the collaboration – we look forward to developing more projects together in the future”.