

IGB PROJECT

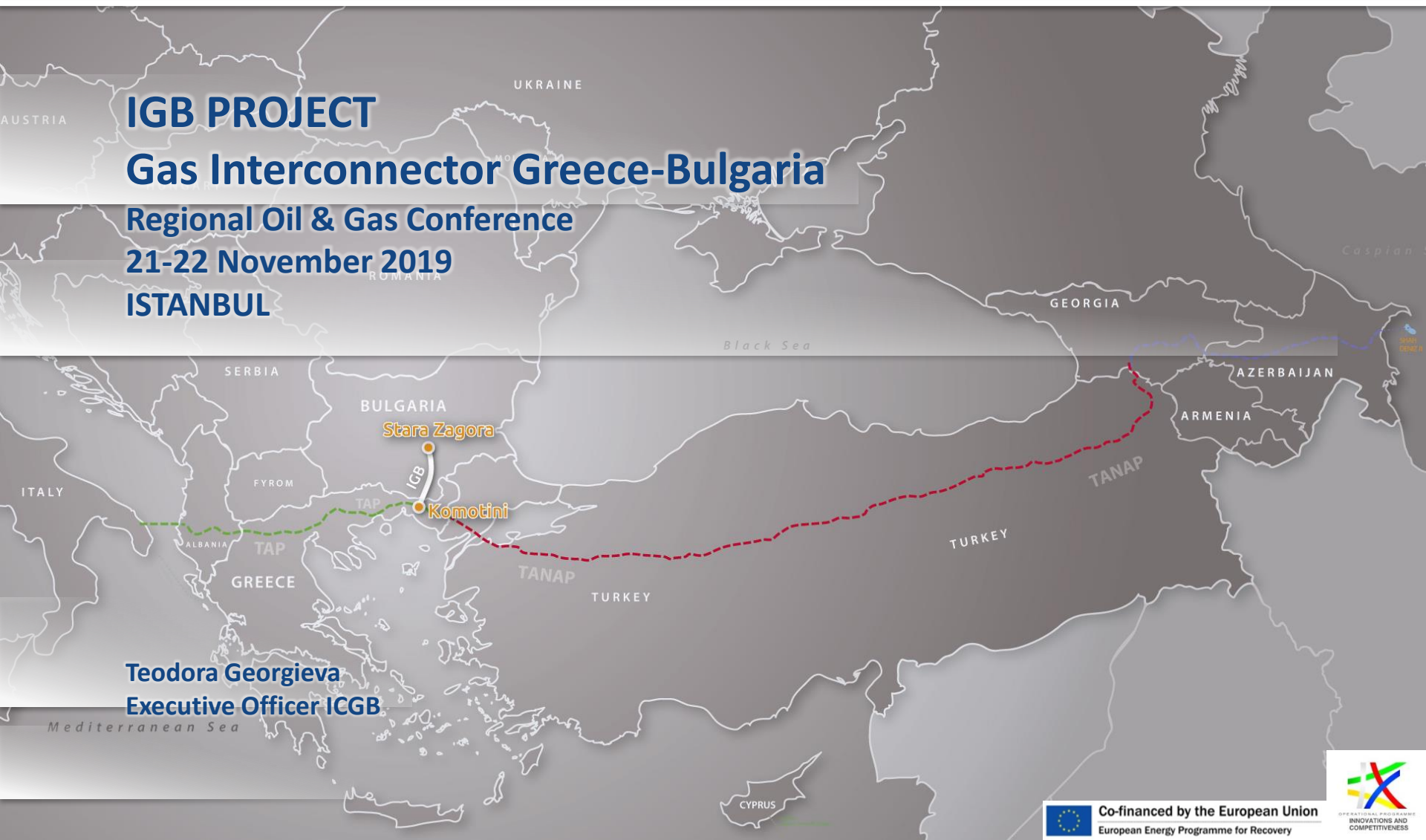
Gas Interconnector Greece-Bulgaria

Regional Oil & Gas Conference

21-22 November 2019

ISTANBUL

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Executive Officer ICB



STRATEGIC ROLE - SOURCES and DIVERSIFICATION

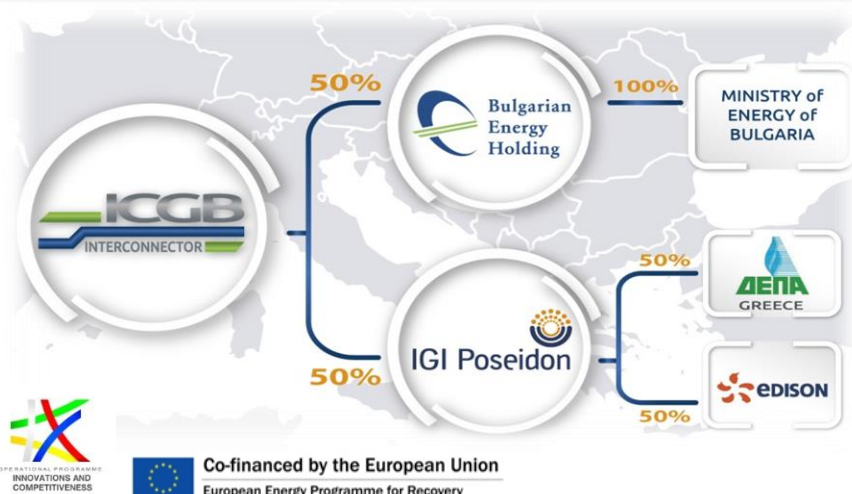


■ GEOGRAPHICAL LOCATION AND INTERCONNECTIONS

- **Length:** 182 Km
(151km – Bulgaria, 31km –Greece)
- **Diameter:** 32"
- **Capacity:** 3bcm/y, upgrade up to 5 bcm/y if additional market interest is demonstrated
- **Entry point:** Komotini (Greece) connected to TAP and DESFA
- **Exit point:** Stara Zagora (Bulgaria) connected to Bulgartransgaz
- Balkan Gas Hub



■ SHAREHOLDERS' STRUCTURE

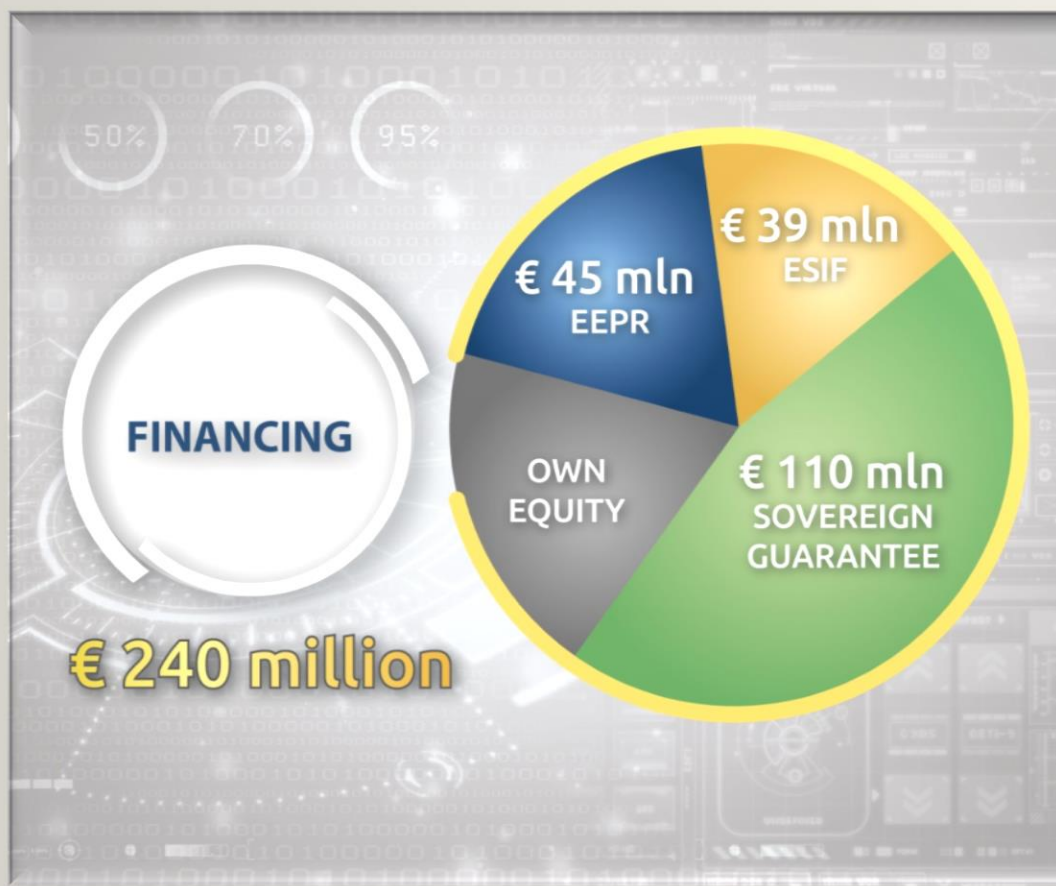


The project is managed by the Project Company ICGB AD with shareholders:

- the Bulgarian Energy Holding EAD (50%)
- and IGI Poseidon SA (50%).
- ICGB will operate the pipeline under an “exempted” framework – Ownership Unbundling, Regulated Tariff and Third Party Access.
- On 8th of August 2018 a Final Joint Decision on the Exemption of IGB Pipeline is adopted by the NRAs.

■ FINANCIAL STRUCTURE

EEPR, ESIF and Sovereign Guarantee by the Republic of Bulgaria



- **EUR 45 mln EEPR** grant financing – eligibility period – 31/12/2021
- **EUR 39 mln** grant financing under the Operational Program “Innovations and competitiveness” (European Structural Inv. Funds allocated to Bulgaria) - reimbursement of expenses – not later than 31/12/2023
- **EUR 110 mln. EIB long term loan financing** secured by a Sovereign Guarantee by Bulgaria; The loan will be provided to BEH (Bulgarian Shareholder) and transferred to ICGB via on-lending agreement – tenor 25 years, concluded on 10 October 2019
- **Shareholders’ equity**
- ❖ **Short-term loan financing** will be required during construction to cover liquidity needs
- ❖ **Intergovernmental Agreement between Greece and Bulgaria** - focused on establishing the applicable tax regime for the Project (i.e. CIT rate; revenue allocation b/n Greece and Bulgaria)
 - Signed on 10 October 2019
 - Ratification by the Parliament – H2 2019

On 8th of Nov. 2018 the EC issued a decision that all the measures listed above are considered compatible with the state aid rules.

■ PERMITTING



COMPLETED:

- ✓ EIA, FEED, Routing and Technical Design for Greece and Bulgaria;
- ✓ Expropriation, right of way and acquisition of properties for the Bulgarian section of the pipeline;
- ✓ Acquisition of properties for the AGIs for the Greek section;
- ✓ **Construction permit for the Bulgarian Section (Oct. 2017)**
- ✓ Installation Permit Greece – obtained in Feb. 2019
- ✓ Independent Natural Gas System License (ASFA) – obtained in July 2019

■ REGULATORY STATUS



Market test for capacity reservation completed in November 2016.
5 binding offers received on a long term basis for a total capacity of **1,57 bcm** forward flow.
Advanced Reservation Capacity Agreements concluded with the shippers – March 2017

08th Aug. 2018 – Adoption of Joint Exemption Decision for IGB

Exemption for 25 years from:

- ✓ Third party access – up to 1,57 bcm (capacity booked at MT);
- ✓ Regulated tariff – for 3bcm/y;
- ✓ Ownership Unbundling

Submission of IGB Tariff Code (3 months after Exemp. Decision) and Network Code (12 months before COD) to the NRAs, subject to approval

- IGB Tariff code submitted in Nov. 2018;
- IGB Network code - submitted in Feb. 2019; Both are subject to Public Consultations prior approval;
- IGB Amended Network Code and GTA – submitted to both Regulators and Shippers – end of April 2019;
- IGB Network and Tariff Code approved by both Regulatory Authorities in October 2019

Submission of application for ITO (unbundling requirements)

- The ITO licensing application should be submitted in not less than 6 months prior COD;

Reserved and exempted capacity – approx. 50 % of the pipeline, the remaining capacity will be offered pursuant to the CAM rules; Currently Advanced Reservation Capacity Agreements (ARCA) are signed with the allocated shippers. GTAs are concluded on 10 October 2019.

■ PUBLIC PROCUREMENT PROCEDURES



LINE PIPE

OWNER
ENGINEER
AWARDED

AWARDED

Selected Contractor
CONSORTIUM TIBEL

- Selected Contractor
CORINTH PIPEWORKS S.A.

EPC
AWARDED

Selected Contractor
AVAX S.A.

ARCHEOLOGY (BG)

AWARDED

Selected Contractor
NAIM-BAS

CONSTRUCTION
SUPERVISION

AWARDED

Selected Contractor
EKO BUL CONTROL

PUBLIC
PROCUREMENT
PROCEDURES

- ✓ **Owner's Engineer** for IGB Project – awarded. Selected Contractor Consortium TIBEL.
- ✓ **Line pipe** manufacture and supply – Awarded to Corinth Pipeworks S.A.
- ✓ **Design, Procurement and Construction** – awarded to AVAX S.A.
- ✓ **Archeological Research** along the pipeline route on Bulgarian territory awarded on 6st of August 2018 to NAIM-BAS.
- ✓ **Construction supervision** for the Bulgarian section of IGB – Awarded to Eko Bul Control.

■ PROJECT STATUS

Regulatory approvals

Bulgarian and Greek Regulatory Authorities approved ICGB

- Tarif Code;
- Network Code;
- Standard GTA

Financing, Procurement and Gas transportation agreements finalized

The following important documents were signed:

- Intergovernmental Agreement between the Ministers of Energy of Greece and Bulgaria;
- EIB loan between EIB and Bulgarian Energy Holding;
- Revised Shareholders' Agreement and approval of Final Business Plan and Final construction Budget;
- Facility agreement between BEH and ICGB for on lending of the EIB loan;
- Gas transportation agreements with the exempted shippers;
- Decision of the Shareholders for a Capital Increase;
- Public procurement contracts – EPC and the Line Pipe
- Tie-in Agreements with DESFA, TAP and Bulgartransgaz

Implementation and Construction

Achieved in October 2019

- Equity injection by the Shareholders;
- Serving of Notice to Proceed;
- Advance payments to the EPC and the Line Pipe Contractor.

■ PIPELINE CONSTRUCTION

FACTS & FIGURES:

- **Gas Pipeline Length:** 182.6km (151BG / 31GR)
- **Pipe Diameter:** DN800 (32"/ 813mm)
- **ROW Easement:** 30m wide
- **Labor Force:** 350+ workers (split in 7 lots)
- **Max. Welding Productivity:** 570m/day

CONSTRUCTION MILESTONES:

- **Commencement Date:** 28 Oct 2019
- **Duration:** 18 months / Q3 2021
- **Taking-Over Certificate:** Q3 2021
- **Commissioning:** 3 months / Q4 2021
- **First Gas:** Q4 2021

MAJOR CONTRACTS:

- **Line Pipe Supplier:** Corinth Pipeworks S.A.
(EUR 58,229,760)
- **EPC Contractor:** AVAX S.A.
(EUR 144,850,000)
- **Owner's Engineer:** Consortium TIBEY
(EUR 5,670,000)
- **Construction Supervision:** EcoBulControl

MOBILIZATION



RESCUE WORKS



ROW CLEARING



PIPE STRINGING





Co-financed by the European Union
European Energy Programme for Recovery

