

IGI Project Update



IGI Project: Overview



The **IGI Project** (developed by Edison and Depa in cooperation with Botas) represents the **missing link** that will allow the flow of **Caspian** and Middle East gas reserves to Italy and western Europe via Turkey and Greece.

Italian and Greek Governments are strongly supporting the project, by signing, in the presence of the Turkish Government, an **Intergovernmental agreement**, which recognised the strategic relevance of the IGI Project and committed to support its fast development.

More recently the two Governments and the respective national regulatory Authorities AEEG and RAE evaluated a joint decision for the exemption from TPA provisions, currently being reviewed by the EC.

A PROJECT OF EUROPEAN INTEREST

The IGI pipeline is listed among TEN-E European priority projects,
(Dec. 1364/2006/EC)

IGI Project: Configuration

The project is being developed, since early 2002, through an exclusive cooperation between Edison and Depa and with the support of Botas.

The IGI Project consists of two sections:

- ❑ **Greek onshore section** from Komotini to Stavrolimenas: to be developed by DESFA S.A. (Greek TSO legally unbundled from Depa) and included in the Greek Natural Gas Transmission System, under regulated Third Party Access.
- ❑ **Offshore section** from Stavrolimenas to Otranto (**Poseidon Pipeline**): to be developed by Edison and Depa, through a new company named '**Poseidon Co**'.

IGI offshore: Poseidon

Length: 217 Km
Diameter: 32"
Depth: ca.1400 m



IGI onshore:

Length : 600 Km
Diameter: 36"

The Poseidon Pipeline will be the world deepest 32" pipeline

Initial Capacity: 8 bcm/y

Maximum Capacity to Italy: up to 12 bcm/y

Operation in: 2011/12

IGI Project: Poseidon Pipeline TPA Exemption

The Italian Ministry of Economic Development, the Greek Ministry of Development and the relevant Regulatory Authorities jointly granted (still subject to EU Commission approval) to Edison and Depa an exemption from TPA obligation for the 'Poseidon Pipeline' initial capacity for a time period of 25 years, as the project was considered compliant to the 5 criteria of article 22 of the EU directive 55/2003. In particular has been recognized that the project will:

- ✓ increase the level of competition in the Italian and EU gas markets;
- ✓ favour the realisation of a Mediterranean Hub;
- ✓ provide a new route and a new entry point to the Italian system reducing the supply risk;
- ✓ contribute to the diversification of supply sources, increasing competition among producers.

The above TPA exemption decision provide Edison and Depa with the right to access to the initial Poseidon pipeline transportation capacity:

- ensuring the repayment of the investments through the Long term transportation contracts
- enabling the finalization of the ongoing negotiations for the gas supply and transit contracts.

Conditions required for the granting of the exemption

The TPA exemption is subject to the following conditions:

- ✓ **Regime of regulated Third Party Access for the virtual reverse flow capacity** (from Italy to Greece) under terms and conditions to be defined by the relevant energy regulators.
- ✓ **An open procedure on marginal capacity to be performed within one year from operation date.** Additional Poseidon pipeline capacity will be six accordingly to available capacity for transit in the Greek system (currently reserved 0,8 bcma)
- ✓ **The offer of 10% of Edison and Depa imported volumes through the exempted capacity on the Poseidon Pipeline to the Italian PSV** under transparent and non discriminatory conditions
- ✓ **The prohibition of any transportation capacity exchange among shippers, leading to a situation where a shipper has availability of more than 80% of the exempted capacity.**

