EBC Working Committee Energy

Introductory Remarks by the Chairman

Uwe H. Fip

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E.ON Global Commodities SE, Düsseldorf

EBC WORKING COMMITTEE "ENERGY"
Lerici, 17 April 2015

Agenda

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   by the Chairman Uwe H. Fip, Senior Vice President, E.ON Global Commodities SE
2. **Recent developments in European gas markets**
   by Vyacheslav Krupenkov, Managing Director, Gazprom Germania GmbH
3. **Med Hydrocarbon opportunities: the Italian case**
   by Massimo Sciancalepore, Senior Vice President, Enel
4. **European Gas Market Developments**
   by David Salfati, Vice President Gas Supply East, GDF Suez
5. **New gas infrastructure in Europe**
   by Oliver Giese, Senior Vice President, E.ON Global Commodities SE
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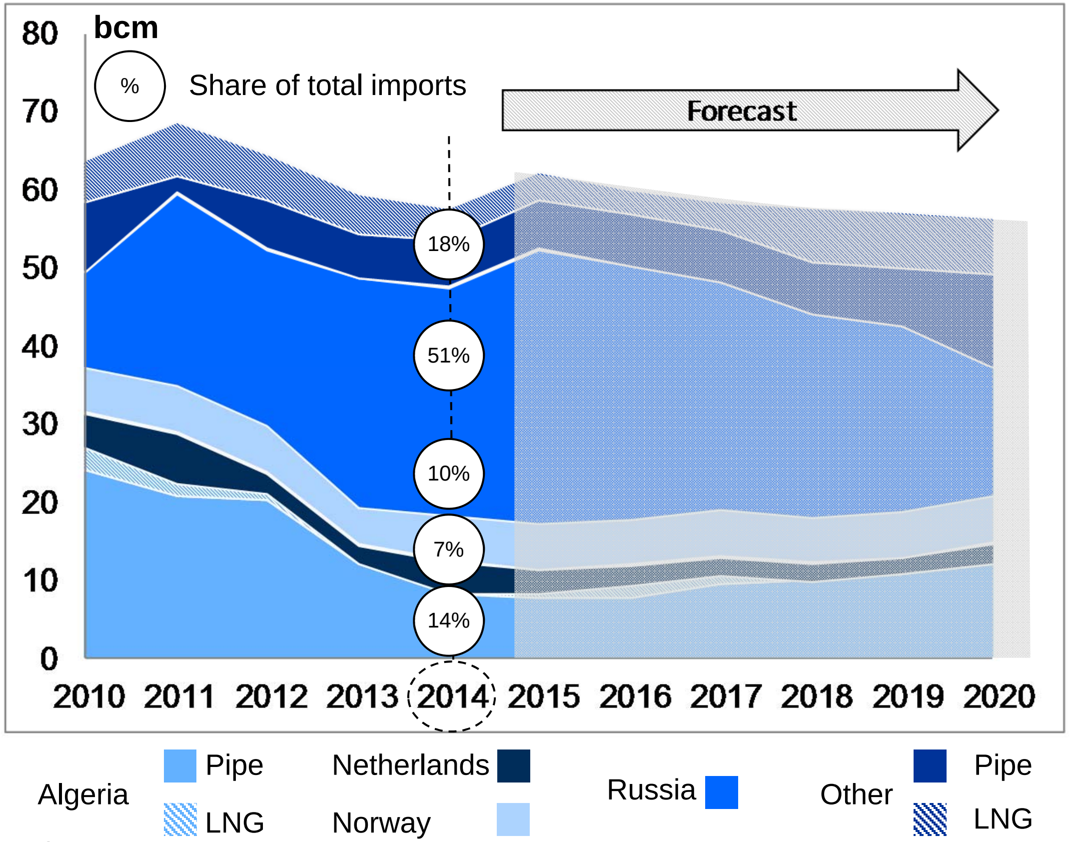
   Igor Simcic, Chairman of the Esimit Europa Project and owner of the Esimit Europa 2
7. **Discussion and outlook on upcoming meetings**

The Italian gas market is the third larges market within the EU…

Gas imports to Italy by country



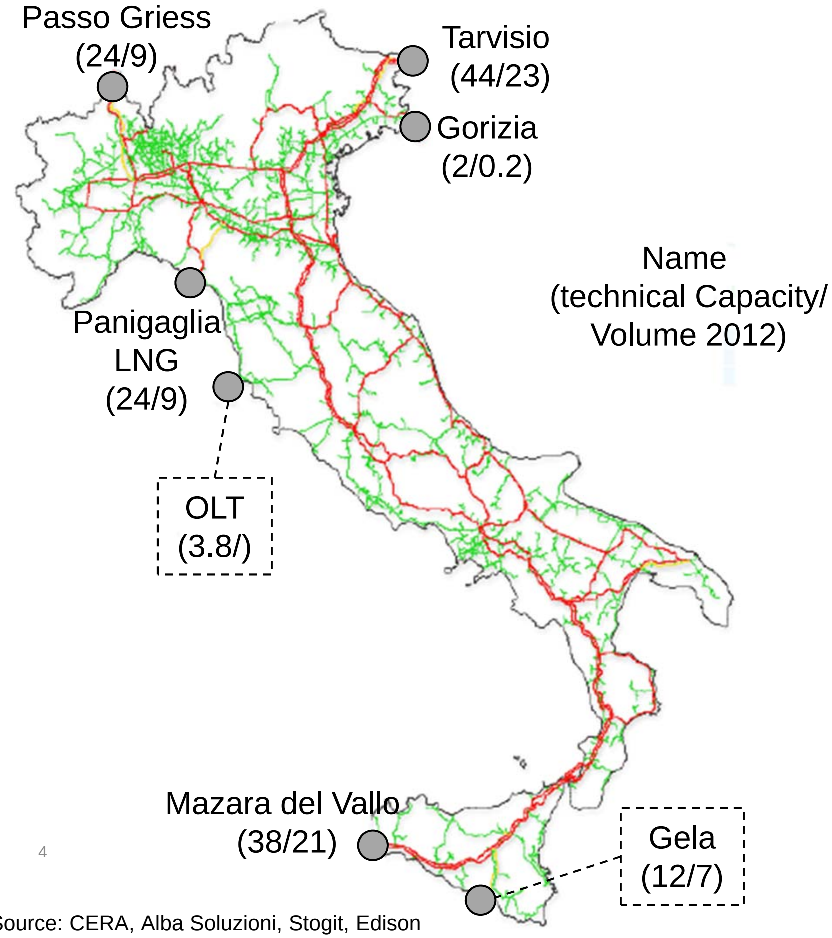
Key facts of the Italian market

- Italy is the third largest market for consumption of natural gas within the EU, following Germany and UK.
- The consumption is expected to decline from a peak of over 80 bcm (2005) to about 60 bcm in 2020. During the same time, indigenous production is expected to decrease by 40%.
- Russia and Algeria supply about 2/3 of total imports of the country.
- Gas accounts for 40% of power production.
- By 2020, renewable energy sources shall have a share of 17% of the total gross final energy consumption.

Source: CERA, bcm @ 9,500 kWh/cm; Alba Soluzioni

… with a well established infrastructure …

Exiting pipeline network and main entry points



Source: CERA, Alba Soluzioni, Stogit, Edison

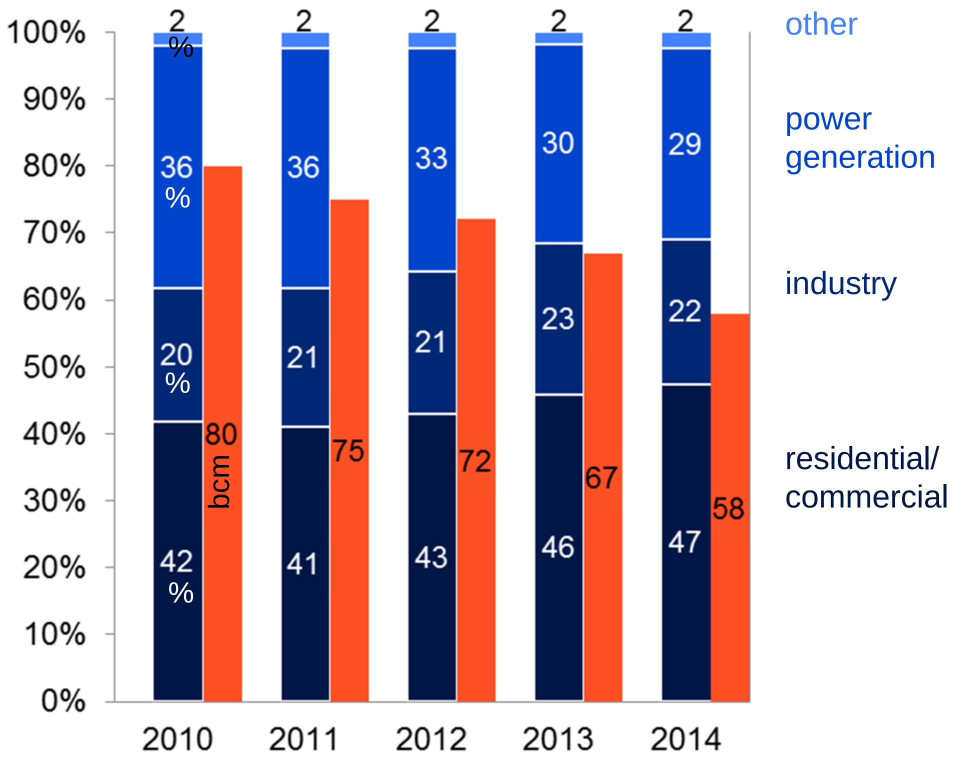
Location of storages

- Vast storage capacity available with about 16 bcm working gas capacity
- Current storage filling level at approx. 35%*

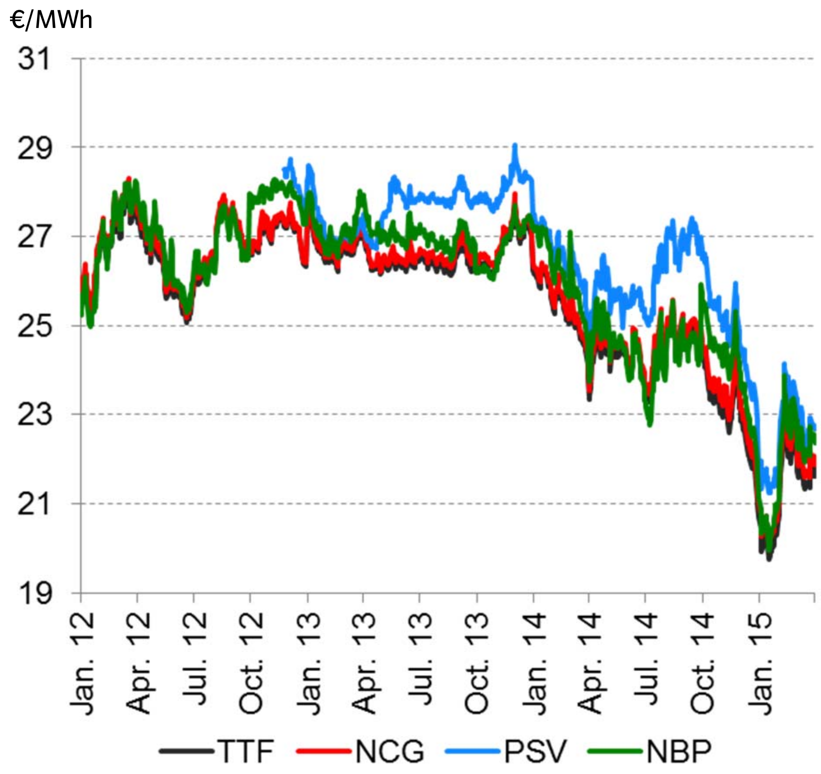
* Information as of 08th April 2015

… but shrinking demand for natural gas

Gas demand by sector

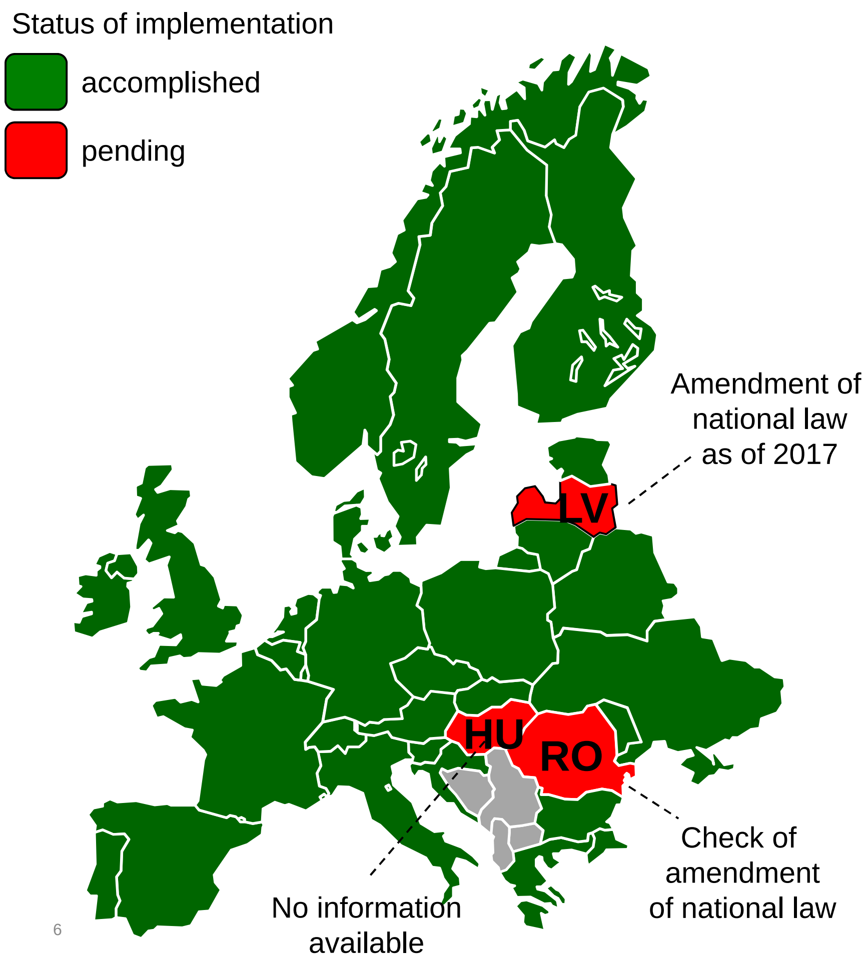


Hub prices for selected European countries



Source: CERA, Eclipse

The 3rd Energy Package is almost fully adopted by the member states



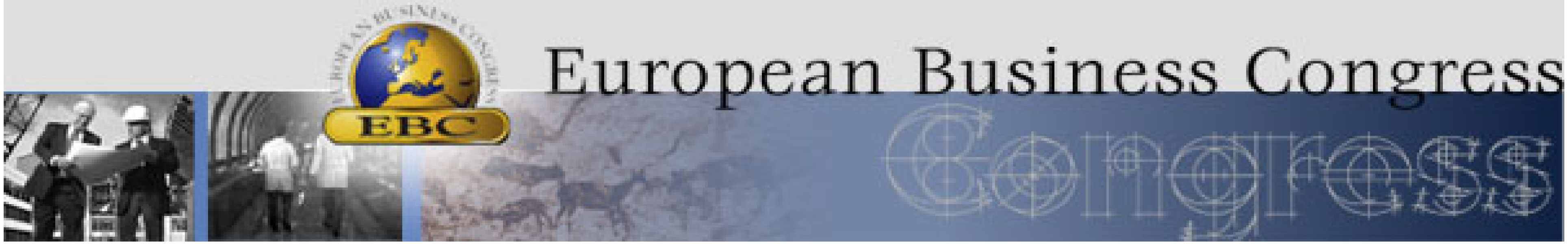
Important findings of the latest EU Single Market Report

DG Energy reports about the positive impact of the market integration with prominence on the following issues:

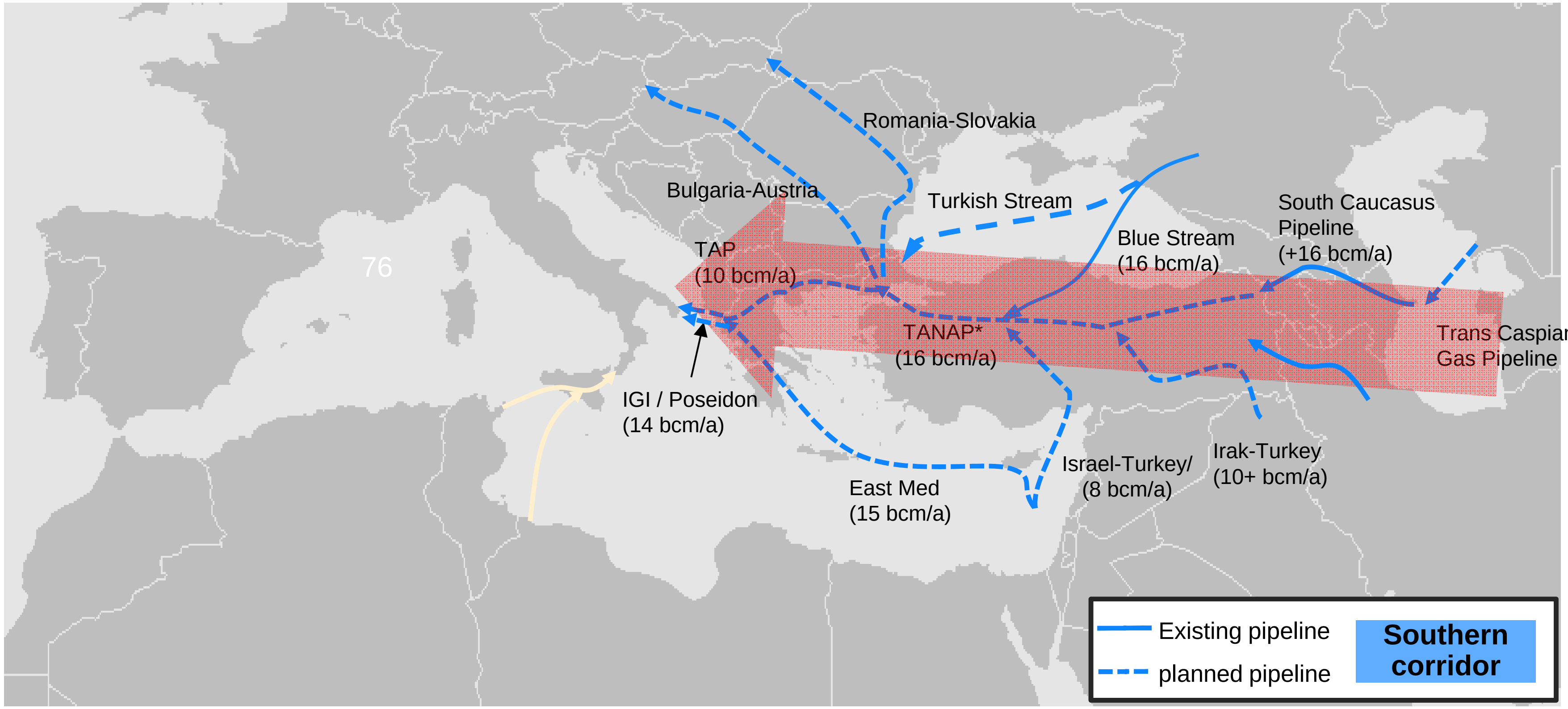
- the continuous stability of wholesale gas prices
- an increase in the choice of suppliers for consumers
- better infrastructure links between EU countries
- an intensified cross-border trading of gas
- common rules on the use of gas networks that result in an increased efficiency of pipeline use
- non-discriminatory access to core infrastructure

Do we share this view?

Source: Single Market Report 2014

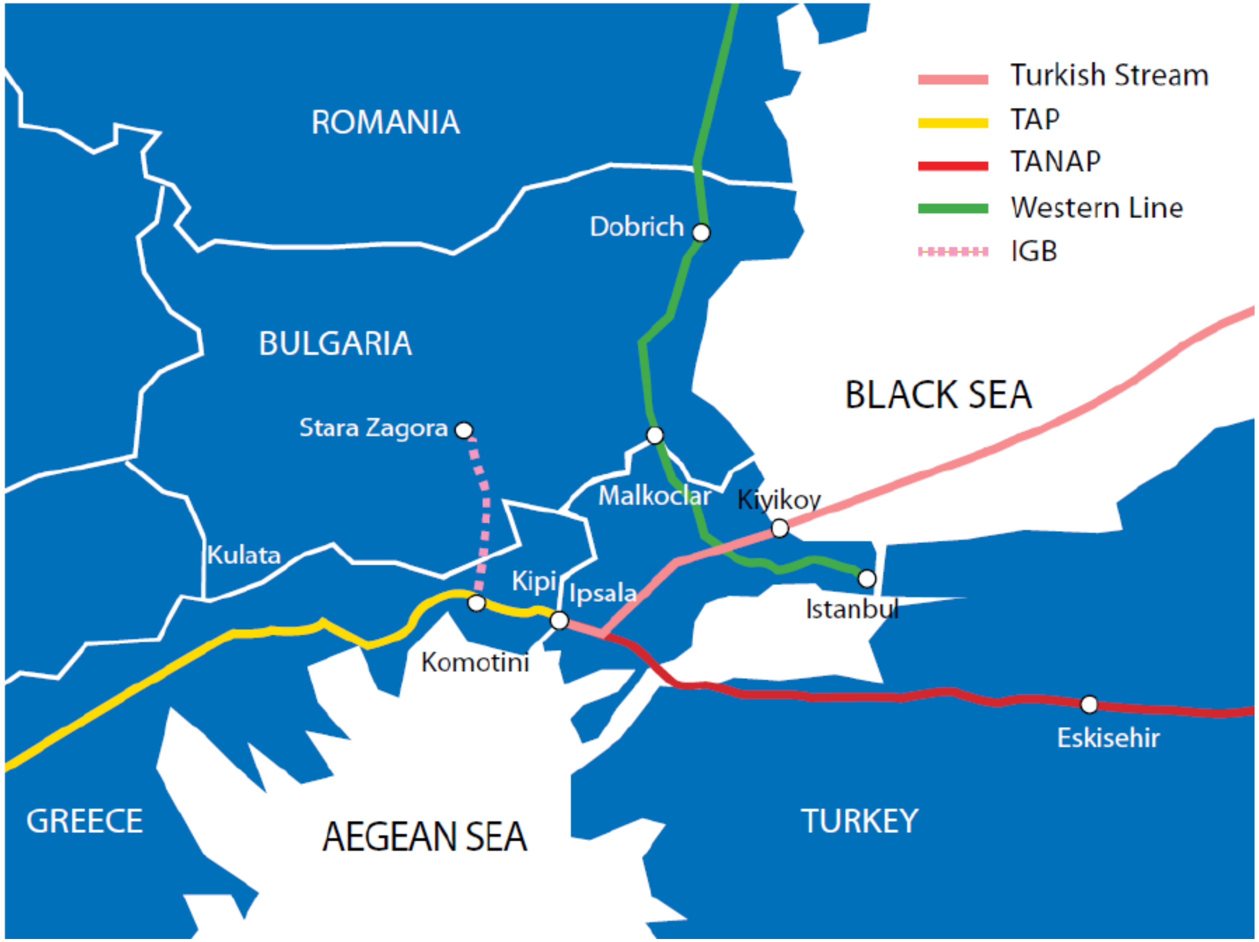


The Southern Corridor has significant potential to bring new pipeline gas to Europe…



Source: E.ON

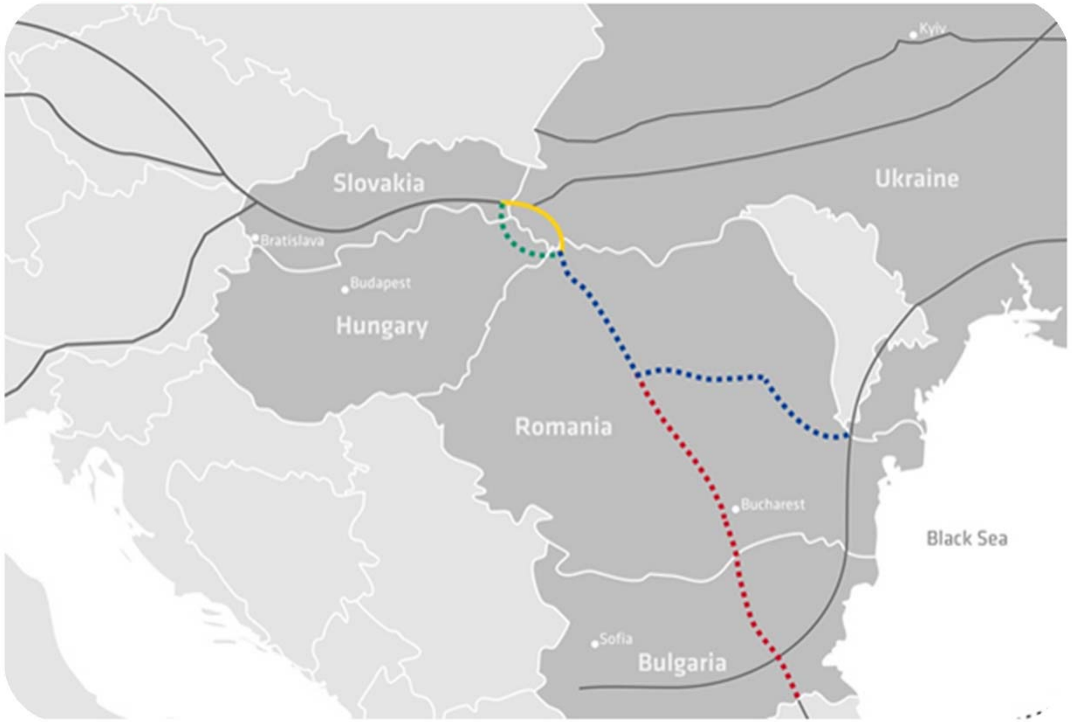
…with two big projects, Turkish Stream and TANAP as part of the Southern Corridor…



Source: Gazprom

…and also supports ambitious mega projects on the EU side like TAP and Eastring

The Eastring Mega Project



Key facts of "Eastring"

- Approx. 832 – 1.015 km length (depending on route)
- Planned final capacity of 40 bcm
- Fully compliant with EU rules and regulations
- Secures 100% of Balkan countries consumption of natural gas
- Enhances security of supply to Europe by providing diverse supply routes (e.g. via the Black Sea or the Caspian region)

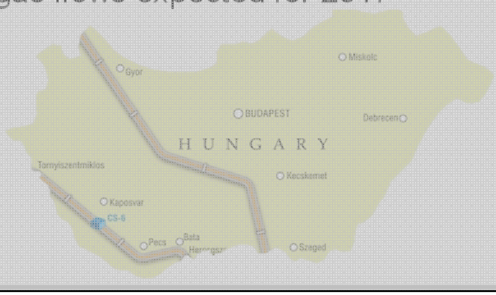
Source: Eastring

Gazprom cancelled project South Stream on Dec 2014

South Stream

Latest developments

- Route of Hungarian segment of South Stream under discussion
- Design to be selected until the end of late October 2014
- First gas flows expected for 2017



Source: Gazprom

Turkish Stream

Project details

- On Tuesday, 7th of April 2015, Greece repeated its amition to play an important role in the pipeline project
- Length of onshore currently planed with about 180 km
- Capacity in total 63 bcm/a
- Arround 50 bcm for the creation of a regional hub (at the Turkish-Greek border)
- Announced date of completion is Dec 2016

Upcoming EBC dates for your Calendar

The next EBC Energy Committee will take place in the cause of the

18th AGM on 28th/29th May 2015 in Belgrade

Topic

Low oil price environment – what does it mean for the energy industry?

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