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The strategy of Attiki Natural Gas Distribution Company within the liberalized natural gas market

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Introduction

Attiki Natural Gas Distribution Company S.A. (EDA Attikis) has been the independent distribution network operator in the Attica region since January 2017, following the legal and operational unbundling of the supply and distribution activities.

The activities of EDA Attikis include:

- ▀ the development, operation and maintenance of the distribution network in Attica
- ▀ network densification by locating and connecting new customers
- ▀ the provision of services to natural gas suppliers
- ▀ the provision of ancillary and optional services



Obligations

- Access to natural gas for all Attica residents.
- Equal and uninterrupted access to all suppliers and consumers in a technically sound and modern distribution network.
- Suppliers and end-consumers' satisfaction is a priority.
- Ensuring the proper functioning of the liberalized gas market.
- Complete and continuous compliance with the regulatory and legal framework.



Business Development – Infrastructure & Data



53 Municipalities in Attica

3,250 km low pressure network (4bar)

330 km medium pressure network (19bar)



~ **360,000** households in Attica

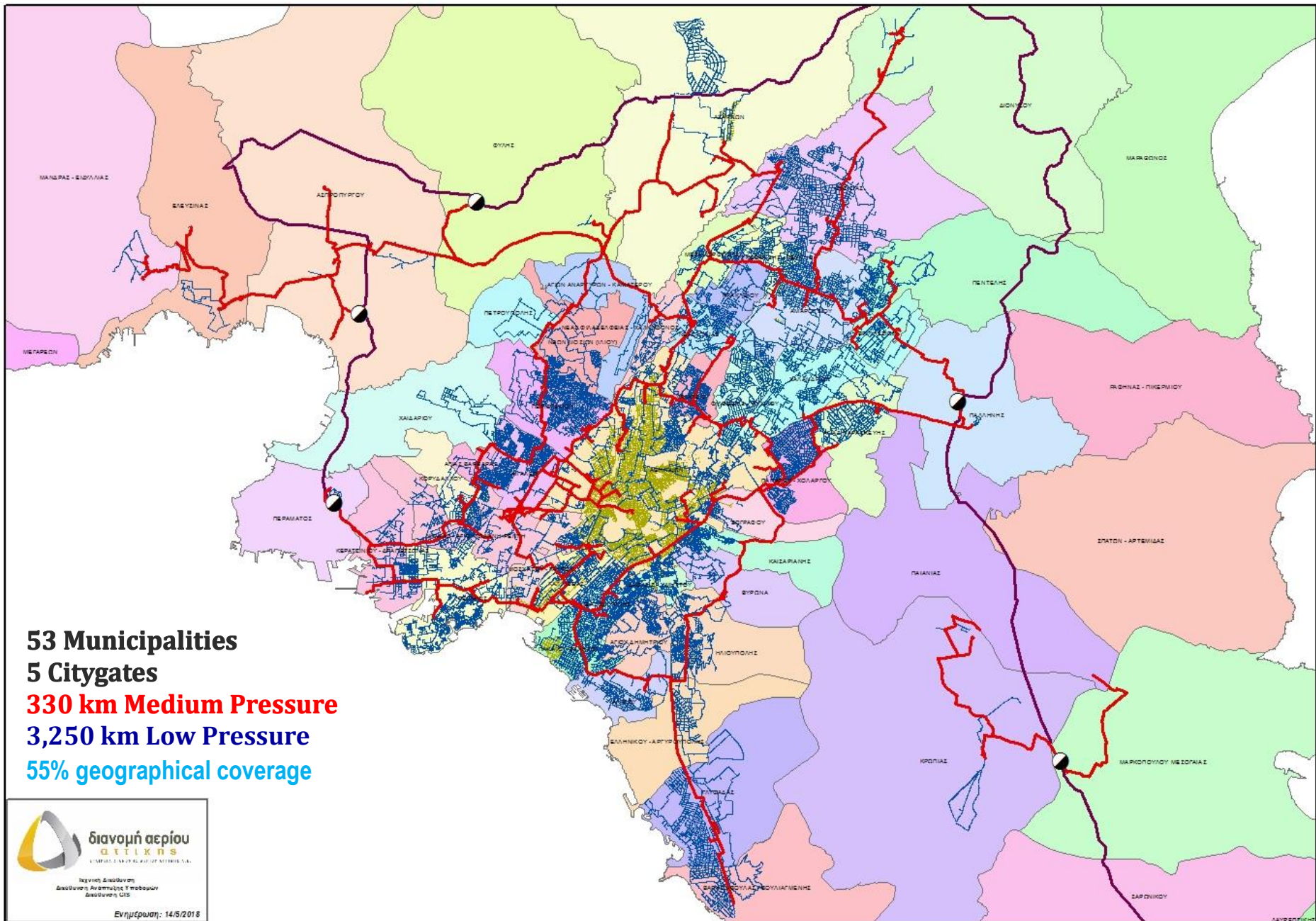
~ **7,200** professional & **215** large customers

~**130,500** activated gas meters (represented delivery points)

Recent developments:

- ▶ Doubling of new natural gas connections in the two year period 2017 - 2018 (~**14.000** new connection contracts annually)
- ▶ 2019 will be a landmark year with more than **20,000** new natural gas connection contracts
- ▶ The total quantity of natural gas in the distribution network is expected to exceed **4,000 GWh** in 2019
- ▶ **18** active natural gas Suppliers

The Distribution Network of EDA Attikis

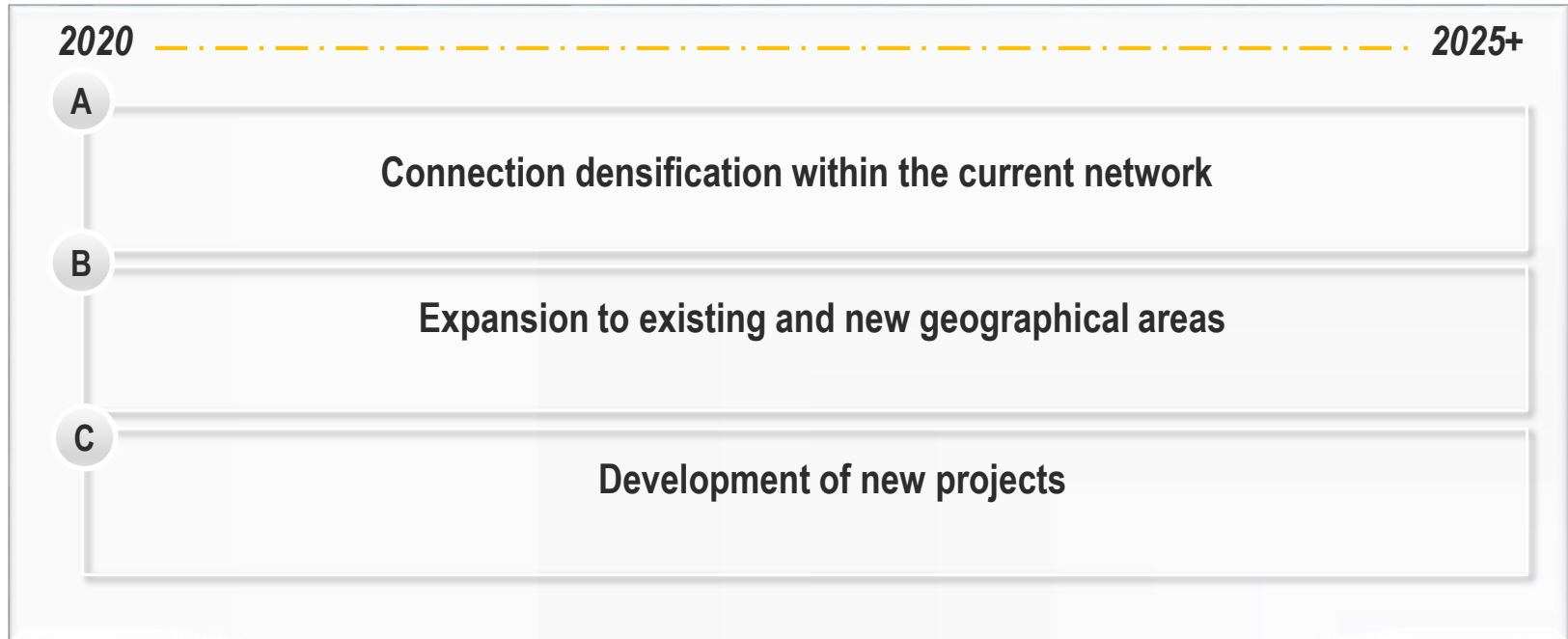


Forecasts

- ▶ Continuous expansion of the distribution network to increase today's penetration (**~35%**):
 - to **40%** within the following **5** years and
 - to **45%** within the following **10** years
- ▶ More than **75.000** new connections are expected to take place within the next five years, based on the most realistic scenarios.
- ▶ An estimated gradual increase in gas consumption in the Attica region:
 - by **25%** within the following **5** years
 - up to **45%** within the following **10** years



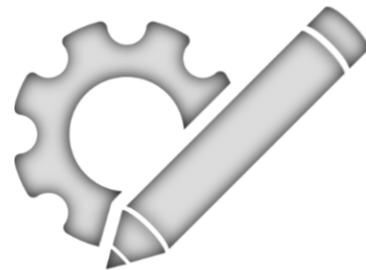
Network Development Strategy



Developmental Activities
Corporate Actions
Partnerships

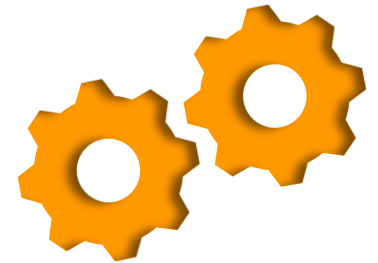
Developmental Activities

- EDA Attiki's funding and subsidy programs facilitated the signing of **new contracts with more than 17,000 consumers** (end of October 2019). By the end of the year, it is estimated that more than **20,000** of new contracts will be signed.
- The Company is developing an ambitious Network Development Plan in collaboration with the sole shareholder, DEPA, contrary to the prior conservative approach. The Plan includes an extensive network expansion and an increased exploitation of the existing one. **The aim is to double the number of active consumers over the next decade.**
- The Company is launching important technical projects in order to support and upgrade the capacity of the existing network to meet the growing demand.
- Accuracy optimization of metering services by installing **smart meters** to new consumers, while gradually replacing existing ones.



Corporate Actions

- ▶ Provision of information to Suppliers through the Internet Services Information System (web portal)
 - ✓ Gas feeding and Supplier switching requests
 - ✓ Ancillary services
 - ✓ Requests/complaints
 - ✓ Daily Supplier statements
- ▶ Digital transformation of corporate procedures and services.
- ▶ Exchange of expertise with other natural gas distribution network companies in the EU.
- ▶ Implementation of a Compliance Program and certification schemes.



Partnerships

- The systematic collaboration with natural gas Suppliers will contribute to the:
 - penetration of natural gas in additional areas
 - increase of end-consumers
 - increase of natural gas consumption
- Cooperation with Municipalities with the aim of increasing penetration into existing network areas and expansion to new ones.
- Expansion and enhancement of available construction capacity.
- Promoting and facilitating the use of domestic gas appliances.
- Compressed natural gas installations (CNG).
- Promotion of combined heat and power (CHP) etc.



Challenges

- ▶ The upcoming corporate transformation as well as the changing landscape of the natural gas market will lead to the development of new corporate strategies and operation models.
- ▶ The demand for new connections is expected to increase, as the further opening of the retail market and the strengthening of competition will provide additional incentives to end-consumers.
- ▶ An increase in the consumption of natural gas is expected, resulting to price reductions in the long-term for the benefit of end-consumers.

In this context, EDA Attikis is called upon to play a leading role in view of the upcoming developments in the natural gas sector as:

- ✓ It has the appropriate background and infrastructure to respond responsibly and timely to these challenges.
- ✓ It possesses the expertise, the human resources, the technical and organizational competence, the IT structures and the corporate governance framework in order to fully achieve the development goals.



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Thank you **for your**
attention!