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# Greece and Italy Promote ITGI Gas Pipeline as Best Start to Southern Corridor

*Speakers from Greece and Italy presented the proposed Interconnector-Turkey-Greece-Italy (ITGI) natural gas pipeline as the quickest and least expensive project to convey gas from the Caspian Sea region to Southeast Europe, during the 9th Turkish International Oil and Gas Conference on 16-17 March.*

The Interconnector-Greece-Turkey (IGT) pipeline connecting Greece and Turkey became operational in early 2007 (MEES, 26 November 2007) and is currently sending 0.7 bcm/year of gas to Greece, supplied by Turkey's pipeline company Botas, which is receiving gas from Azerbaijan, Russia, and Iran. Haris Sachinis, Chairman and CEO of Greece's public gas corporation DEPA, told the conference: "Turkey plays an important role for Greece and through Greece it can be very important for Europe." He added that natural gas demand for Greece is estimated to grow to 7 bcm/year by 2020.

The impact of ITGI and the newly-proposed Italy-Greece-Bulgaria (IGB) project can be prompt, Mr Sachinis said. "The completion of ITGI across northern Greece can be completed in two years," he said, adding that it can be supplied with gas either through Turkey or from existing LNG facilities. Greece is currently drawing up plans for a second LNG receiving station in northern Greece. A final investment decision for the IGB pipeline, which is to be a 50:50 joint partnership between IGI Poseidon and Bulgaria's BEH, is to be taken by September 2010.

ITGI transit capacity is 11.8 bcm/y. Gas demand for Greece is about 3.6 bcm/y. The remaining 8 bcm/y capacity of the ITGI is designated for Italy, with gas crossing the Adriatic Sea via the underwater Poseidon pipeline, owned by IGI Poseidon, a 50:50 joint venture between Greece's public gas corporation DEPA and Italy's Edison. IGB will have 3-5 bcm/y capacity, with construction slated to get underway in 2011.

Mr Sachinis said that the IGB project – priced at $145mn – will be more cost effective than other projects proposed to carry gas to Southeast Europe, as each billion cu ms of capacity will translate into a cost of around $30mn. He also noted that the ITGI and IGB projects can move faster than the Nabucco pipeline, estimated to cost €7.9bn, and Russia's South Stream pipeline across the Black Sea, now priced at €20bn.

Elio Ruggeri, head of International Gas Infrastructure at Edison, said that considering the impact that the global economic downturn has had on the world economy, there is no longer a race to bring more gas into the market. What is important now, he said, is security of supply and diversity of supply. "There is a new time schedule for the market and a new time schedule for supply," Mr Ruggeri said.

Both Mr Sachinis and Mr Ruggeri argued that the ITGI and the IGB could provide countries like Bulgaria, Romania, Hungary, Serbia and Macedonia with sufficient small volumes of natural gas to allow them to diversify their supplies – and that this could be done without great expense and within a very short time. Greece would play a pivotal role in the interconnector system because the planned Poseidon underwater pipeline between Greece and Italy would have a reverse flow design.

Both Mr Ruggeri and Mr Sachinis also pointed out that only Azerbaijan is capable of delivering new supplies of natural gas to the European market in the next few years, with the development of Shah Deniz Stage 2. The construction of the Poseidon pipeline is planned to coincide with the new Azerbaijani gas coming on-stream. Mr

Sachinis said that Shah Deniz Stage 2 gas production of 8.6 bcm/y would match the capacity of the Poseidon pipeline to Italy.

Mr Ruggeri suggested that the ITGI partners finance a Turkish-owned gas transportation infrastructure system through Turkey that is fully guaranteed by transit agreements in order to move the entire interconnector project forward. However, securing gas supplies for the ITGI and IGB is still complicated by lengthy price and transit negotiations between Turkey and Azerbaijan.

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