

## **Morgante: Enaon targets 30,000 new gas connections this year**

Enaon's roadmap for the penetration of natural gas in Greece in the coming period is analysed in a full interview with energygame.gr by Barbara Morgante, CEO of the Greek subsidiary of the Italgas group. Ms. Morgante also talks about Enaon's planning for hydrogen and biomethane, and takes a position on the assumptions of the National Energy and Climate Plan for natural gas. Finally, she highlights the importance of the Regulatory Authority's approval of the five-year Development Plan 2024-2028 and predicts that Enaon's already significant contribution to Italgas' figures will increase further.

### **1. How is your investment plan for Greece evolving? The CEO of the parent group Italgas, Paolo Gallo, had mentioned investments of 180 million this year, significantly increased compared to 2023...**

Our investment plan is proceeding according to the programme, although especially with regard to the co-financed programmes the management is complicated due to the bureaucratic burden that characterises them. We are trying to resolve all issues in cooperation with the stakeholders. We have concentrated our efforts on the periphery of Greece, i.e. the former DEDA licence areas (which excludes Attica, Thessaloniki and Thessaly). In this context, our plan is to bring gas to 12 new regions of Greece this year. The start was made in Grevena, where the construction of the distribution network has been completed and the connections of new consumers have begun. A few days ago, the filling of the LNG Storage and Gasification Station at the Kastoria Industrial Park site was completed, paving the way for the arrival of natural gas in the areas of Kastoria and Argos Orestiko, which will be the first in Greece to be supplied with LNG by our subsidiary Enaon EDA in October.

These will be followed by the end of the year by Florina, Livadia, Giannitsa, Amfissa, Veria, the Patras Industrial Area, Karpenisi, Orestiada and Alexandria.

We have already received thousands of applications from interested consumers for connection to the gas distribution network, while the demand for the consumer information campaigns that we are carrying out alongside the construction of the projects is also particularly high.

### **2. What was Enaon's contribution to the parent group Italgas' figures for the first half of this year and what is the outlook for the full year 2024?**

Enaon made a significant contribution to Italgas' group financials for the first half of 2024, adding €60.6 million to adjusted EBITDA and €87.3 million to adjusted turnover for the January-June period. These results underline Enaon's positive performance and reinforce our strategic vision for its future growth path. Progress in Greece has been remarkable and we are confident that we will make an even greater contribution to the Group's results in the coming period. We are also particularly pleased that the Waste, Energy and Water Regulatory Authority (RAEWW) recently approved the Five-Year Development Plan for the period 2024-2028, which is the roadmap for the expansion

and digitization of the Greek gas distribution network, substantially improving the quality of life of local communities and supporting the country's development path.

Our primary goal is to "shield" Greece with a flexible, smart and digitalised gas distribution system, ready to transport renewable gases such as biomethane and, in the future, hydrogen. In this context, we are also very pleased with the decision of the RAEWW to approve the Framework for Feeding Remote Distribution Networks using LNG from LNG Road Service Users which will allow us to make the LNG plants we are developing fully operational, providing even areas remote from the national gas transmission system with the possibility of accessing a cleaner and more economical form of energy. Furthermore, we believe that our proposal for uniform network usage charges for residential and commercial consumers will be well received, as this will ensure the fundamental principle of equal treatment of all consumers in the Greek territory, while unlocking other benefits such as streamlining the relevant business processes and simplifying supervision by the Regulatory Authority.

### **3. Do you have a target for new connections to the gas distribution network for this year?**

We are aiming to exceed 30,000 new connections this year, a figure that applies to all the regions where we operate. We are receiving particularly positive signals from Attica and Thessaloniki where the benefits of using natural gas are being widely spread by word of mouth. In other words, existing consumers are sharing their positive experience of using natural gas, which remains cheaper than other forms of energy.

### **4. Is interest coming primarily from domestic or industrial consumers?**

From both sectors. I would like to stress that there is also strong interest in connection to the network from public and municipal buildings, such as schools, gyms, hospitals, etc. This is very important because it sends a positive message to households, especially in the new areas where gas will arrive today and biomethane tomorrow.

### **5. Since you mentioned biomethane, where are we?**

We are waiting to see the proposal of the Ministry of Environment and Energy regarding the legislative framework for biomethane and in the meantime we are preparing and taking appropriate actions in those areas where it is feasible in the absence of a framework. The distribution network is ready to receive biomethane, as no modifications are needed in terms of internal installations. What is missing is how much biomethane production will cost and whether there will be a support scheme for the necessary investments. At the moment there is no production of biomethane in Greece, only biogas. Europe has made significant progress in biomethane production. We do not know whether the Ministry of Environment will "transfer" the incentives it currently recognises for biogas producers to biomethane producers or whether it will give incentives to both. This is an important issue. We also do not know how the costs of connecting the plants to the grid will be shared between Enaon and the producers.

There are many different schemes in Europe and, as yet, we do not know what will happen. For our part, we have mapped the biogas plants and we have categorized them according to their distance from our network and according to the costs required to convert them from biogas plants to biomethane plants. 60% of the biogas plants producing biogas in Greece are less than 10 km away from the distribution network.

## **6. What is your position on the role of natural gas in the country's energy transition process, following the completion of the public consultation on the revised National Energy and Climate Plan (NECP)?**

I am optimistic about the role of the gas infrastructure we manage across the country in supporting a competitive and equitable transition to a clean energy future.

Today and in the years ahead, natural gas distribution networks will be a "vital link" in meeting the energy needs of various categories of consumers, including residential heating, commercial operations and industrial operations. It is estimated that by 2028, the number of consumers using natural gas will exceed 1 100 000 throughout Greece.

The significant volumes of energy currently provided by natural gas infrastructure would be difficult to meet solely through electrification, as this would require extensive investment to expand capacity (both in production and transmission), which would further burden energy affordability for consumers. This is particularly critical given the ongoing challenges facing the energy market, which is evolving to overcome the barriers of decarbonisation and the intermittent nature of renewable energy generation.

On the other hand, our networks are digital, smart and flexible, ready to support the integration and distribution of renewable gases such as biomethane and hydrogen, paving another way to decarbonise the energy mix. The use and expansion of existing gas infrastructure is key to ensuring energy affordability, which is at the heart of European energy policy in the transition period. In this way, our investments are strengthening the resilience of the energy system, while ensuring a more sustainable and affordable future for all consumers.

## **7. What is the planning for hydrogen?**

At European level, the target for hydrogen injection into the gas distribution network is set at 20% by 2030 (with a clean hydrogen perspective). The blending in each individual Member State will be decided by the Member States themselves. In Italy, however, the guidelines of the Ministry of Environment and Energy Security allow for a maximum of 2%. In Greece, the injection rate has not yet been set and we hope for a higher limit than in Italy. It is useful to clarify that the percentage of hydrogen that can be injected into the grid depends on the pipelines and the materials used in its construction. We need to ensure that all parts of the network have compatible specifications. For this reason, we have commissioned a comprehensive analysis of the Greek network to an internationally renowned company. This analysis, which is expected to be completed

within a year, will provide us with a detailed assessment of the network, including the characteristics of each network section. This is necessary because some parts of the distribution network are new, while others have been built in the past. For example, in the centre of Athens, the network consists of metallic pipelines that are not compatible with hydrogen injection and Enaon EDA has started to replace them. Of course, all the new networks we are building elsewhere in Greece are ready to receive biomethane today and, tomorrow, hydrogen.