



PRESS RELEASE

**Speech by HEDNO S.A. Chairman and CEO
Mr. Nikolaos Chatziargyriou**

at the ECONOMIST conference:

**“22nd Roundtable with the Government of GREECE
A compass for Europe - A fair wind for Greece”**

Friday 15 June 2018, Grand Resort Lagonissi

Good morning Ladies and Gentlemen,

I would like to extend a warm thank you to the organizers of the Economist who yet another year are giving us the opportunity to participate in this conference which has become a standard fare for the Greek economy.

Ladies and gentlemen,

The energy market is currently going through a historically decisive transition process. This transition is driven by the demanding environmental standards that have been set by the European Union to increase efficiency and save energy and strongly encourage the development of Renewable Energy Sources (RES), distributed generation and the enhancement of the role of the citizens as active consumers and producers.

The network is an elemental component of this new landscape. It is now widely accepted that Distribution Network Managers are the main protagonists of this transition to the next, more advanced system.

This transition requires innovative technologies and solutions as well as applications that will enable full utilization of the renewable energy capacities and the active involvement of citizens as consumers or/and producers, who will be responsible for self-shaping electricity user behavior.

The funds that need to be invested for the transformation of this vision into reality are impressively high. For the European network, and until 2020, the financing need amounts up to roughly 600 billion euro, out of which 400 billion euro (2/3 out of the total) will be directed towards distribution grids. Investment will continue to shift towards distribution networks. By 2035, this



analogy is expected to increase to 75% of the total funds invested, and until 2050 to 80%. Moreover, by 2025, the digitization of European grids will require investment funds of a total estimated amount of 62 billion euro.

HEDNO, being the sole responsible Operator of the Electrical Energy Distribution Network across both mainland Greece and its islands, has fully adjusted to this new landscape.

HEDNO is working hard to become an up-to-date operator of new technologically advanced grids. Therefore, we have been implementing these past three years a five-year long business plan which outlines a series of projects worth 1,2 billion in total.

At the heart of this plan we have positioned 12 + 1 strategic projects with which we focus on the corporate transformation of HEDNO with emphasis on network automation, and projects such as up-to-date Network Control Centers, the installation of a geographic information system, the extension of tele-metering, better customer support with new information and customer service systems, as well as the implementation of projects that will improve the internal operations of the company.

The great progress on the implementation of these projects is explained by strict schedule adherence, which has been top priority for all the competent departments in our Company.

For example, the upgrading of the Attica Network Control Centers has been completed by 75% and it is expected to be entirely complete by next year. This is a fundamental project which will play a crucial role in improving the reliability and the modernization of the Attica Network.

We have also made remarkable progress in setting up the Island Network Control Center: we are currently approaching 50% completion on this project.

We have also completed digital surveying for the Medium and Low Voltage Distribution Network in two pilot regions, and we have completed the supply and installation of the Open Street Map for the whole country.

We are moving ahead by developing the "Smart Islands" and by having carried out respective surveys for pilot projects in three medium-size islands (Astypalaia, Simi, Kastelorizo) in order to enable a larger than 60% penetration of renewable energy sources. Based on power generation from RES stations and storage units, this ground-breaking project can act as a model for the operation of other Non-Interconnected Islands (NIIs) that, for the time being, are not inter-connected.



At the same time, RAE has approved our plan for the installation of vehicle charging stations on the islands. We are also exploring the possibility of placing another 1000-1500 charging stations across the country and we have already launched pilot stations in the region of Attica.

Regarding the extremely crucial project of smart metering, and after the legal complications in the Council of State that have "frozen" the 200,000 meter pilot project, we have decided to advance with the installation of new "smart" meters for all new interconnections or replacement of the existing ones.

We have already proceeded with ordering 224.000 "smart" meters and we announced the procurement and installation of the new Telemetering and Processing System (Main and Spare) with a communication capacity of 7,500.00 meter reading points. The new Telemetering System will be used to integrate all existing telemetering systems, but will mainly act as a roll-out, a replacement of the existing low and medium voltage telemetering systems by smart systems across Greece.

Additionally, HEDNO has examined and proposes a proper business plan for the implementation and the financing of telemetering works across the country. In this context, HEDNO is working closely with large European operators in order to learn from the experience acquired by other countries, such as France, Italy, Spain, etc.

Ladies and Gentlemen

Our strategic projects focus on upgrading our country's main energy infrastructure. Their completion is necessary for the transformation of the domestic energy market.

The benefits expected from their implementation, along with the Company's consistent objectives of course, are of crucial importance and pertain to the improvement of the quality of energy and the services provided to the citizens. These benefits will be accompanied by reduction of the costs of operation. By welcoming increased penetration of the Renewable Energy Sources (RES), we shall be expecting more efficient operation of the energy market and the protection of the environment.

But that's not all. We are also looking at more advanced technologies for the transition of our network to the digital era in order to cope with the increasing challenges that are coming in the future and the more complex role that HEDNO is expected to play.

We must stress that these projects will also lead to the more efficient and more effective use of PCC's fixed assets by HEDNO in order to generate added



value for the PCC group, the Greek economy and Greek citizens. At this point, I would like to point out that HEDNO will only be able to play this new complex role as the network and the market operator, if the company remains **independent in its function and structure** and of course under the control of the Regulator, and in accordance with the law.

To conclude,

Greece is now a solid pillar for the Southeast Mediterranean and the Balkans. This is lately becoming more and more evident, especially after the speedy political developments taking place in our neighboring countries and the positive developments in the landscape of national economy.

The further growth of the Greek economy depends on the energy sector, particularly the grids, which constitute strategic infrastructures pivotal in the operation of the energy chain.

Modernizing and upgrading these grids will ensure a more productive, competitive and dynamic economy. Therefore, **it is our obligation to the nation to implement the strategic plan for growth with perseverance and consistency.**

Thank you.

Athens, 15 June 2018

Press Office