



The economist-21st roundtable with the government of Greece
June 29 2017

Lights on: Power energy in Europe
What changes have been made in the regulatory framework?
New Memorandum provisions and Greece 's liberalization of the
market
Renewables as an opportunity for Greece

Nikolaos Chatziargyriou, Chairman and CEO of HEDNO

Good afternoon, Ladies and Gentlemen,

I would like to address my sincere thanks to the organizers of the Economist Conference for the opportunity offered to HEDNO to take part in this long established, major event, an actual point of reference for the Greek economy as a whole.

As we all know, the energy landscape both in Greece and across Europe is going through times of dramatic changes and major challenges. The energy market is in the midst of a transition process.

High environmental standards set by the EU drive transition, strongly encouraging development of renewables, distributed generation and the enhancement of the role of the citizen as an active consumer and producer, to increase efficiency.

Electricity distribution system operators are currently the main pillar of the European strategy focusing on making the most out of the RES potential, in order to see carbon dioxide emissions reduced and improve energy security and efficiency.

Within this new environment, distribution companies have become operators of a complex energy distribution system.

Ladies and gentlemen,

The national energy planning is based on building a new energy model that will have the capacity to support the endeavor for fair growth, in an era marked by climate change and economic recession.

Networks in our country, like in the rest of the EU, are playing a crucial part in our national energy planning. Within this extremely demanding



environment that I presented you briefly here today, HEDNO's role, as the Hellenic Electricity Distribution Network Operator is:

Crucial
Decisive
Critical
Vital

For a successful evolution of the Greek energy market that will both meet high environmental standards and offer high quality services at a low cost.

HEDNO has taken the lead in this challenging environment featuring increased needs and restrictions, and new roles that are shaped within this constantly changing energy market landscape.

Despite extreme adversities in the economy due to the market's cash flow issue, HEDNO has been especially successful in its role by solving long-lasting problems, launching works that had long remained stagnant and also by significantly improving its effective and efficient operation.

As a key contributor for the transition to the zero-carbon economy and the cutting-edge power systems of the future, HEDNO has taken a path that will enable the company to meet its goal of modernization.

The main challenge for HEDNO is to evolve into a modern distribution company capable of coping with the continuously increasing number of challenges in the supply of reliable and high-quality electricity; into a company that is fine-tuned for meeting the new "digital" economy requirements.

HEDNO is focused on the development of necessary infrastructure that will greatly benefit the economy, the citizens and the environment.

Our updated business plan provides for strategic projects budgeted as high as 1.25 billion euros by 2020.

These strategic projects constitute both the main pillar and the catalyst for the company's modernization, at the same time providing a glimpse into our company's future. They are part of HEDNO's transformation plan into a modernized network operator company that will be using digitalized operations and new tools for Network Distribution design and deployment across inland and Non-Interconnected Islands. Driven by new, European-level developments, these strategic projects will be covering a wide range



of steps to ensure technological modernization, such as smart grids and remote reading (telemetry), and modernization initiatives on the company's operation per se.

Smart islands i.e. islands with major RES penetration, is a sector on which HEDNO is strategically focused, aspiring to assume the leading role across Europe as well.

At this point I need to stress that all these projects that I talked to you about, especially investments in smart grids that HEDNO has launched, will allow for a greater degree of RES integration into the energy balance. They will also pave the way for the citizens to become more involved and active, both as producers and as consumers, which would make them, as we now call them, "prosumers".

Ladies and Gentlemen,

HEDNO must start implementing these crucial, strategic infrastructure projects as soon as possible. If it doesn't do so, the energy sector, key for economic recovery and growth, will permanently (or, at the very least, for many years) be left behind.

It will not be prepared to efficiently operate under these new market conditions, let alone face the new rapidly approaching realities, such as the major penetration of decentralized production, the energy communities, the establishment of local-scale markets, the active consumer communication platforms, electric vehicles, energy storage devices, smart islands, and many more.

There is a good reason why 600 bln euro in investments will be pumped into Grids by 2020 across Europe, of which 400 bln euro, that is two thirds of the total amount, will be utilized in Grids projects.

HEDNO must, clearly and without fail, continue to invest in crucial infrastructure. It has an obligation to make the most of the country's expertise; to keep on evolving into a technologically up-to-date Company, with new services and new products. If we want to achieve economic recovery, the only way forward is to stay on our current path.

In order for us to be able to continue pursuing this challenging venture, we should be backed up by a modern regulatory framework that will uphold HEDNO 's business activities. Such framework should acknowledge the exceptionally broadened role that Operators are now taking on under



the market's newly emerging conditions and encourage technology innovation. The framework should incentivize investing in smart grids as well as in the management of an extremely large volume of data, which can ensure quality of grid operation and security, also achieving the mid-term target of reducing operational costs and increasing efficiency. Encouraging investment momentum for grids, something that we have seen happen in other European countries, is a choice of utmost importance.

Moreover:

Both national and EU energy legislations should adjust in a way that would grant the maximum amount of flexibility to Operators in order to enable them perform in their role of independent body for the operation of the electricity supply market.

Ladies and Gentlemen,

HEDNO is one of the largest Distribution Companies in Europe.

"Smart" solutions and innovation are key to the transformation of HEDNO into a modern company that will leverage growth in the domestic electricity market and, by extension, in all crucial sectors of the Greek economy.

Now is the time for HEDNO to be given the opportunity to distribute a different quality of energy,

the energy that drives development,
the energy that drives innovation,
the energy that drives progress,
the energy that drives modernization,
the energy that drives evolution.

Thank you very much.