



Speech by HEDNO's Chairman and CEO

Mr. Georgios A. Kollias

New Year Celebration Ceremony – 7<sup>th</sup> of February 2014

Minister,  
Chairman of the Parliamentary Committee on Production and Trade  
Vice Chairman of PPC S.A  
Chairman of IPTO S.A.

Dear Guests,  
Ladies and Gentlemen,  
Good day and Happy New Year

1.Introduction - Salutation

Today's event, which is already established as a custom, symbolizes the transition from the previous to the new year and constitutes an excellent opportunity for our Administration to communicate with all institutional and business representatives of the Electricity market, as well as with our executives and employees.

The past year was rather difficult for all of us. All Greek citizens continued to make harsh sacrifices.

However, today, few weeks after the beginning of the new year, I can say that I am more optimistic. I hope that these sacrifices will finally help our country to change course.



**HEDNO is a Corporation that was founded during these difficult circumstances.** In three months from now, it will conclude two years from the beginning of its operation.

Last year, we were all gathered together again in the same hall for the new year celebration. At that time, HEDNO, having concluded ten months since the beginning of its operation, had already transformed in to a new autonomous and independent corporation with structured organization, complete infrastructure and operation.

**Today, one year after, HEDNO has already established its role as an important institutional player in the electricity market.**

At the same time, it constitutes now a corporation with **specific goals and vision, a corporation that is aiming to operate as a firm pillar of growth, not only for the domestic electricity market, but also for the Greek economy in general.**

I have to point out that, during its course, the contribution of the State was of decisive importance. I would like to deeply thank the Ministry of Environment, Energy and Climate Change, as well as the Regulatory Authority for Energy for the excellent cooperation and contribution to our task. Also, I would like to thank the Chairman and CEO of the parent company, Mr. Arthouros Zervos, for his valuable cooperation and support to our efforts, as well as PPC's executives and personnel.

Of course, I could not leave out the significant contribution of HEDNO's members of the Board of Directors, the executives and the corporation's



employees who remain dedicated to the effort of improving its operation step-by-step; a corporation is mostly its people, its employees. Without them, we could not have achieved what I am about to present to you hereafter.

## *2. Review 2013-Achievement of main goals*

Before proceeding to a brief review of the past year, I would like to ask you to keep in mind that our main task – the daily activity for about 90% of our employees – is to maintain, operate and develop, through studies and constructions, the Electricity Distribution Network for the entire country including the islands.

The total length of the Network surpasses 233,000 km, a number that is equivalent to six times around the Earth, including 159,000 LV/MV Substations and other 240 HV/MV Substations.

Our main activity is to maintain this Network, restore immediately faults and assure the normal power supply 24 hours a day for each house and business in every corner of Greece. This is our main task and we try to upgrade our services in the best possible way.

Moreover, according to European Commission's recent studies, HEDNO is a Distribution corporator with the lowest cost within the entire European Union.

For the past year, HEDNO's Administration and employees, **managed to achieve the goals that were defined one year ago; Goals that were beyond our main obligations which I have already mentioned above.**



Indicatively, I would like to refer to the following:

- The customers' service provision time was further decreased within the last year compared to 2012.
- At the same time, we responded to the coverage of customers' needs for connections efficiently and rapidly. 8,000 connections of RES producers were implemented (4,000 among them refer to PVs in roofs, 3,200 LV PVs and 800 MV PVs) with total capacity of 965 MW within tight time schedules.
- The quality of the electricity provided was further improved. The electricity quality indexes, that is, the time and number of interruptions per customer in an annual basis, were improved compared to 2012.
- Concerning our participation in the formation of new Codes not only for the Network but also for the Islands, I would like to mention that the Code for the Non-Interconnected Islands was implemented within the year and was approved by RAE. Regarding the Network Code, RAE has assigned HEDNO the elaboration of the appropriate plan, which is expected to be implemented within the first semester of the current year.
- The Corporation Compliance Program is fully implemented and constitutes a vital procedure which is realized on a daily basis with satisfactory results. The transition into the new operational framework, is conducted smoothly and it is constantly improved.

- Concerning the organization and systemization of transactional relations with the parent company, as well as with the rest of the Group corporations, our contracts were concluded within the year not only with PPC but also with IPTO regarding our provision of services.
- Based on continuous saving effort for consumers' benefit, we managed to maintain the expenses in levels relevant to those in 2012, that is, we are steadily the cheapest in the European Union as stated in Benchmarking processes realized for our account.
- After thorough researches in modern European distribution corporations and enormous effort by a significant number of our executives, our Business Plan, which is under finalization, was concluded for the period 2014-2018 and its application will begin within the current year.
- The new ERP system was operated following an enormous effort realized within 2013. The new contemporary central system will contribute decisively to the improvement of employees' productivity, as well as to more efficient operation of the corporation through the improvement of procedures.
- Our customers' provision of services system, HERMES, was completely separated from the equivalent system of the parent company. The system was adapted to HEDNO's needs and provides now in a reliable and equal way, the communication between the corporation and all of its suppliers, including PPC S.A..

- Keeping tightly the initial time schedule, we proceeded to the introduction of the Geographic Information System (GIS).  
At the same time, based on the time schedule, we proceeded to the implementation of SCADA (Supervisory Control and Data Acquisition) and DMS (Distribution Management System) systems, that is, remote monitoring, supervision and control systems for Attica and the Islands. They will become fully operational within 2015.
- We proceeded with the Telemetry project for 60,000 L.V. major customers. The central and backup systems were set into operation and integrated 8,000 meters within 2013, while we continue the roll out of the project.
- We proceeded with the smart meters pilot project for 160,000 customers; its Public Consultation was concluded recently and soon the relevant tender will be released. Referring to the major project of 7,500,000 meter replacement with smart meters, the roll out study and the relevant Business Plan were concluded and delivered to the Political Leadership of the Ministry of Environment, Energy and Climate Change for final decision taking.

### 3. Our vision

Following the brief review of the past year, I would like to move on to a brief description of our strategy, the main axes of our Business Plan, as well as the goals that we have set for the new year based on it.

Our vision is a contemporary corporation which will accomplish in European



level the best **combination of quality services to consumers with the lowest possible cost** and will assure to satisfy in equal way all its participants.

Nowadays, we are found at a particularly crucial point. The need for **change and modernization is imperative**. Today, we need to plan our country's networks for the future because the time is running out.

In order to achieve our goal, for more quality and less expensive provision of services to our customer, we have to adopt changes which will be based on three axes that are interdependent and contribute equally to our vision:

### **1) Creation of a modern Network**

Our primary goal is a fully remote controlled smart Grid which supervises and optimizes in real time the operation of all data interconnected to it. That is, all the devices that provide services to producers, consumers and suppliers connected to it.

SCADA central systems provide us with the capability of supervision and acquisition of necessary data that concern the Network. With the addition of the appropriate technologies, we acquire the capability of remote monitoring and telemetering.

At the same time, modern or Smart Grids as they are called, include advanced DMS analysis systems (Distribution Management System), which are also installed by us. That is, systems of energy management which constitute the main procedure of undertaking crucial decisions and actions.

The new Grids minimize the on-site transportation, provide the ability of immediate location and isolation of faults and improve our time of response



to incidents that negatively affect the good operation of the Network and consequently, the quality of the provided services.

At the same time, aiming at the creation of a modern infrastructure, we decided the implementation of significant projects such as the installation of **9 new Regional Control and Distribution Network Management Centers** for the whole country, through which constant monitoring of operation status, as well as Network management are realized not only within the High to Medium Voltage decrease Substations, but also in MV Networks.

These centers will constitute the new major regional units that will replace the existing ones and will gather all the necessary resources and information so as to encounter all serious technical problems. They will also provide directions to all technical manpower in the region, keeping know-how, quality of services in high levels providing, at the same time, better cost control.

## **2) New Systems for Our customers services and management of our Departments**

Our goal is the creation and operation of new service provision channels for consumers particularly through call centers and Internet. The establishment of call centers that will provide services to all of our customers, will upgrade significantly the levels of service provision.

Specifically, our goal is to provide the possibility of maximum service provision without visiting our Offices for issues that concern our customers.

So, we promote the organization and operation of consumers' requests reception through Internet and the gradual decrease of the existing channel for service provision through visiting our offices.

Apart from customers' systems, in order to change our corporation's



operational model, we implement new IT systems and install new software which concern all internal procedures referring to support, financial, technical matters etc. Our new ERP, the GIS, the new "Hermes" system, metering and market management systems, all these technological tools modernize the daily operation of our corporation and contribute to more efficient management and execution of our tasks.

### **3) New efficient organizational structure of our Departments**

The new organization (structures and systems) is in compliance with the changes in the Network and systems.

The present model has been perfectly efficient for 50 years but it's on its last legs. The model Region-Area-Office-Branch Office belongs to the past; we are looking ahead. I refer to the new scheme of smaller Control and Distribution Network Management Centers with equivalent number of Regions (as basis of the service teams), 3 call centers, few Offices and Branch Offices. This new model will result in less personnel, lower cost and better quality within the new networks and new systems.

#### [4. Business Plan 2014-2018 - main goals for 2014](#)

According to this vision, we elaborated our business plan on which all of our business decisions and actions will be based for the five-year period ahead.

The Business Plan includes all our business goals, as formed according to our long-term strategy and vision.

**Its elaboration is based on thorough research and study of the energy market in Greece and in Europe, taking also into account the**

**upcoming structural reforms deriving from the new energy planning in national and pan-European level.**

So, apart from our main obligations for our country's uninterrupted electrification, which presupposes the operation, maintenance and development of networks, we set additional goals for the new year, within the framework of our five-year Business Plan, such as:

- The promotion of series of wider actions for the improvement not only of the services provided to customers, but also for our operation in general.
- Further reduction of our customers' service provision time, particularly related to power supply requests. We aim at reducing it by one day for requests in various categories.
- The improvement of electricity quality and specifically of the average outage duration per customer in annual basis. The general goal for 2014 is the reduction of SAIDI by 3% for non-scheduled interruptions and by 4% for the scheduled ones.
- The formation of the Network Code plan and its submission to RAE so as to be released for Consultation and subsequent application, as well as the application of the Code for the Non-Interconnected islands already approved by RAE.
- Further adjustment to regulatory requirements through, on the one hand the wider training of our involved personnel and on the other hand, the tight control for the application of the Compliance Program and the rest of adjustments.

- Further reduction of corporation's exploitation expenses, although they are the lowest in the European Union. More in particular, we aim at the reduction of expenses by 1% compared to 2013.
- The functionality additions and improvements of the new ERP system, as well as its complete development for increasing our activity efficiency.
- Full use of the existing HERMES service system, following its recent separation from the equivalent one of the parent company. We will proceed to the supply of a new modern service system aiming to be installed within 2016.
- The implementation of the significant Telemetering project for 60,000 major LV customers and the beginning of the Telemetering pilot project for 160,000 customers.
- The radical upgrade of remote supervision networks systems in Attica and in the non-Interconnected Islands, which will be continued and will be implemented within 2015.
- Our investments for the main projects, such as Distribution Centres and Telemetering will reach 38.5 million Euros approximately for this year, out of total scheduled investments that will be up to 292 million Euros.
- Undertaking specific quality obligations towards our customers -within the framework of new guaranteed services- while in case of exceeding

the defined deadlines, the foreseen amounts will be paid to them.

- The development of a contact info call center in Athens, for the whole country, that will begin its operation within 2014 and preparation for its transition into a complete Customer Service Call Center until 2016. Additionally, the preparation of a complete system that will serve users' requests via Internet, so as to be implemented within 2015 and to be set into operation from 1.1.2016.
- Concerning the improvement of Network safety and Environmental Protection, we aim at the improvement of accident indexes by 2%. We promote projects for the limitation of material thefts in the networks, giving emphasis to underground networks and to promote projects for aesthetic upgrade jointly with the Municipal Authorities.
- We examine and promote actions with environmental prospects, such as electricity powered vehicles promoting the purchase of 10 electricity powered cars for exhibition purposes.

Concluding, I would like to end my speech by pointing out in brief that, in order to implement all of the above, as well as our five-year business plan that will bring our country's electricity grids at the first row of the European developments, we should:

1. Make immediate recruitments of specialized technical personnel (as already approved).
2. Release the processes of supplying power to properties from town planning, forest, archaeological, tax, industrial issues as well as other



non-related issues referring to legitimacy. This procedure that is unique worldwide has to be stopped and constitutes an obstruction for the country's development.

3. Release HEDNO from Public Sector bureaucracy so as to operate fully according to the rules of a Societe Anonyme.
  
4. Restore, even partly, the huge reduction of executives' salaries; the salary pyramid, that is completely fallen apart, should be brought back by linking remuneration with responsibility and efficiency which, today, does not exist.

At this point, I would like to thank the entire Ministry of Environment, Energy and Climate Change and particularly Mr. Papageorgiou, for his interest to provide solutions which we anticipate.

We, executives and personnel, either way, remain at the forefront honoring our history, our corporation and society that anticipates from us the self-evident which is to supply electricity to every house all over the country, with low cost and best quality.

I would like to thank you deeply and to wish once again Happy New Year full of health and happiness for you and your families.