

Liberalisation of energy market: DEPA privatisation

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Introduction

On 3 December 2019 Law 4643/2019 on the liberalisation of the energy market, the modernisation of the Public Power Corporation, the privatisation of the Public Natural Gas Company (DEPA) and the support of renewable energy sources was published in the *Official Journal* (A' 193/2019).

Under the new law, DEPA will be spun-off into three distinct undertakings, two of which will be completely privatised. This transformation will significantly alter DEPA's unbundling and privatisation scheme, which was adopted under Law 4602/2019 on 9 March 2019 (ie, before the elections and respective reconfigurations in Parliament and government).

Spin-offs

The first significant change concerns two DEPA spin-offs: DEPA Infrastructure and DEPA Commercial. DEPA's infrastructure branch will be spun-off to form DEPA Infrastructure, while DEPA's international projects branch will be spun-off to form DEPA International Projects. DEPA's remaining assets and projects will be retained by DEPA and renamed DEPA Commercial.

Privatisation

The second important change concerns the degree of DEPA's privatisation, as all DEPA Commercial and DEPA Infrastructure shares are owned by the Greek state and will be placed on the market. To this end, the Greek state transfers its participation in the aforementioned undertakings to the Hellenic Republic Asset Development Fund (HRADF). After the restructuring, HRADF will hold 65% of the total shares in DEPA Commercial and Hellenic Petroleum (HELPE) will hold the remaining 35%.

Moreover, the obligation imposed by Law 4602/2019 on DEPA Commercial's major shareholder to conclude an agreement with the state conferring the latter's right to exercise a veto on strategic policy decisions has been abolished, appeasing concerns that such a privilege would impair investors' ability to exercise their commercial policy.

On the other hand, to counterbalance the disposal of all of the state's participation in DEPA Infrastructure's share capital and with a view to attracting long-term investors that will undertake and finance modernisation, gas distribution network infrastructure will be developed and expanded and the non-transfer of shares for five years has been set as a prerequisite.

Regarding the allocation of DEPA's assets and projects to new undertakings, all of its distribution gas activities will be transferred to DEPA Infrastructure, including:

- its participation in EDA Attikis, EDA Thessalonikis – Thessalias and gas distributor DEDA;
- its distribution ownership rights;
- its fibre optic network; and
- its rights and obligations with respect to the development, design and implementation of projects for the infrastructure of distribution networks, including compressed natural gas projects and small-scale liquefied natural gas (LNG) projects.

International projects

All international projects in which DEPA participates, either directly or through its subsidiaries (eg,

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any rights and obligations, quantity commitments in the interconnector pipeline between Greece and Bulgaria or the floating LNG gasification terminal in Alexandroupolis), will be transferred to DEPA International Projects.

HRADF and HELPE stakes

On 9 December 2019 HRADF initiated the procedure for the sale of 100% shareholding in DEPA Infrastructure. As the shareholders of DEPA Infrastructure, HRADF and HELPE have entered into a memorandum of understanding to jointly sell their respective stakes in the company through an international tender process to be conducted by HRADF. The deadline for submitting expressions of interest is 14 February 2020.

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