

# Update on DEPA privatisation

24 February 2020 | Contributed by [Rokas Law Firm](#)

## Introduction

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## Introduction

The legal ground for the privatisation of the Public Natural Gas Company (DEPA) is set out in Law 4643/2019 on the liberalisation of the energy market, the modernisation of the Public Power Corporation and the support of renewable energy sources, which was published in the *Official Journal* in December 2019 (A' 193/2019) (for further details please see "[Liberalisation of energy market: DEPA privatisation](#)").

The law provides for the separation and partial demerger of DEPA in such a way that, at the end of the procedure, DEPA's assets and activities will be divided into three companies.

## New companies

### DEPA Infrastructure

This company will undertake:

- all of DEPA's distribution gas activities, including its participation in Attica Gas Distribution Company (EDA Attica), EDA Thessalonikis – Thessalias and Public Gas Distribution Networks (DEDA) which develops and operates the gas network throughout the rest of Greece;
- DEPA's ownership of the gas distribution network;
- management of the fibre optic network owned by DEPA; and
- DEPA's 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.

### DEPA Commercial

This company will undertake all current wholesale and retail gas activities, including:

- participating in Attica Gas Supply company (EPA Attica) and the import of natural gas into Greece (either through pipelines or LNG) through its long-term contracts or other sources;
- refueling vehicles with compressed natural gas through proprietary or partner service stations, including all relevant contracts and the use of the trademark FISIKON; and
- supplying end consumers and remote natural gas distribution networks, including by undertaking the rights and obligations arising from the agreement with DEPA's participation in the share capital of Gastrade (subject to approval from the Hellenic Competition Commission).

### DEPA International Projects

This company will undertake, through a spin-off, all international projects in which DEPA participates (either directly or through its subsidiaries), including:

- Interconnector Greece-Italy;
- the Eastern Mediterranean pipeline project;
- Gas Interconnector Greece-Bulgaria; and
- projects relating to DEPA's direct or indirect participation in companies developing and constructing the aforementioned infrastructure or interconnection projects with neighbouring countries.

## HRADF

The privatisation tender is organised by the Hellenic Republic Asset Development Fund (HRADF),

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which holds 65% of the total shares in DEPA Commercial and DEPA Infrastructure. Hellenic Petroleum (HELPE) holds 35% of the total shares in both companies. Initially, DEPA International Projects will be a 100% subsidiary of DEPA Commercial, but before the submission of binding offers for the privatisation of DEPA Commercial, it will be spun off and, following the respective capital reduction, transferred to DEPA shareholders. DEPA International Projects will not be privatised.

### **DEPA Infrastructure privatisation**

On 9 December 2019 the HRADF initiated the procedure for the sale of a 100% shareholding in DEPA Infrastructure. The HRADF and HELPE, as shareholders in DEPA Infrastructure, 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 the HRADF. The initial deadline for submitting expressions of interest was 14 February 2020; however, this was extended to 21 February 2020 due to high levels of interest.

The main requirements for participating in the tender and passing the pre-qualification phase are:

- a financial requirement, such that the interested party has average shareholders' equity for the past three financial years equal to €350 million or higher; and
- a technical requirement, such that an interested party or its technical affiliate supporter can demonstrate business activity in the oil or gas or electricity sectors (in the case of a consortium, this requirement must be met by at least one of its members).

### **DEPA Commercial privatisation**

On 23 January 2020 the HRADF launched an international competitive bidding process regarding the submission of expressions of interest in the acquisition of 65% of the total shares in DEPA Commercial. The deadline for submitting expressions of interest is 6 March 2020.

HELPE, which holds 35% of the total shares, has expressed interest in acquiring 65% of HARF's total shares in DEPA Commercial. In view of the safeguarding of the transparency of the tender process and the equal treatment of all participants, the HRADF and HELPE have concluded a memorandum of understanding which sets out the terms of HELPE's involvement in the tender process. Thus, if HELPE does not submit a binding offer or, despite the submission of an offer, is not selected as the preferred bidder, an additional independent process regarding the acquisition of HELPE's shares will be performed (the bilateral transaction). Specifically, the qualified participants will review and comment on both the transaction's sale and purchase agreement regarding the HRADF's shares and the call option agreement regarding the acquisition of HELPE's shares in the bilateral transaction. When submitting the binding offer, they will not submit a separate financial offer for the acquisition of HELPE shares, as this consideration will be calculated based on the consideration payable per share for the HRADF's shares, discounted by a percentage in accordance with a formula to be set out under the request for proposal. Subsequently, the preferred bidder (not being HELPE) will grant the put option to HELPE (by signing a put option agreement), while HELPE will grant the call option to the preferred bidder (by signing the call option agreement within a specified timeframe), resulting in a purchase of 100% of the shares. The acquisition of HRADF's shares will be a condition precedent for the bilateral transaction.

Parties intending to participate in the tender are requested to meet various legal, financial and technical requirements – chiefly:

- a financial requirement that the interested party has average shareholders' equity for the past three financial years equal to €200 million or higher; and
- a technical requirement, such that an interested party or its technical affiliate supporter demonstrate business activity in the oil or gas or electricity sectors (in the case of a consortium, this requirement must be met by at least one of its members).

*For further information on this topic please contact [Mira Todorovic Symeonides](mailto:Mira.Todorovic@rokas.com) or [Kosmas Karanikolas](mailto:Kosmas.Karanikolas@rokas.com) at Rokas Law Firm by telephone (+30 210 361 6816) or email ([m.todorovic@rokas.com](mailto:m.todorovic@rokas.com) or [kkaranikolas@rokas.com](mailto:kkaranikolas@rokas.com)). The Rokas Law Firm website can be accessed at [www.rokas.com](http://www.rokas.com).*

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