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European Commission confirms €166.7 million in state aid for construction of LNG terminal in Alexandroupolis

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On 17 June 2021, the European Commission issued a decision in case SA55526, which approved €166.7 million in state aid that the government will utilise for the construction of a liquefied natural gas (LNG) terminal in Alexandroupolis. The terminal will consist of a floating storage regasification unit (the unit), as well as a sub-sea system and an onshore gas transmission pipeline, which will connect the unit to the Greek natural gas transmission system (the system). The unit will be stationed approximately 17.6km from Alexandroupolis, approximately 10km offshore. It will have an overall delivery capacity of 5.5 billion cubic meters per year and it will be connected to the system at the new connection point, Kipi-Komotini. On 16 October 2019, Greece notified the European Commission of its plans to support the construction of this LNG terminal, which has been included in the list of European projects of common interest in the energy sector since 2013. The project will be financed by the state using European structural and investment funds. The beneficiary of the aid is Gastrade SA, a company whose shareholders are the Public Natural Gas Company (DEPA) and the Bulgarian gas transmission system operator (Bulgartransgaz EAD). In order to ensure that there is no overcompensation, Bulgartransgaz EAD, as the project promoter, will have to return part of the revenues generated from the terminal to the state, should they go beyond a set capped level over the project's lifetime. In addition, the Greek energy regulator has put certain safeguards in place, such as limiting the share of LNG that can be booked in the terminal by DEPA, in order to prevent an increase in its market position. The Greek authorities have confirmed that the LNG terminal could be used for hydrogen, and that the project would contribute to:

- the security and diversification of energy supplies in Greece and South East Europe; and
- a cleaner energy mix, through the increased use of gas instead of coal.

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