

Underground natural gas storage facility in the almost depleted natural gas field South Kavala is on a tender for the concession for the use, development and operation. This tender is expected to attract offers from two or maybe three bidders, according to experts.

The participation of Storengy, a three-member consortium formed by French Engie, Energean Oil & Gas, holder of the South Kavala field's license, and GEK Terna, is considered a certainty because the consortium was established especially for this tender. Greek natural gas transmission system operator DESFA is seen as another certain bidder for the South Kavala license. Senfluga, the consortium of companies that acquired a 66 % stake in DESFA, also appears very interested in the South Kavala tender. This consortium's current line-up is comprised of Italian Snam (54 %), Panish Enagas (18 %), Belgian Fluxys (18 %) and Copelouzos Group member Damco (10 %).

Though Senfluga's three foreign partners - Snam, Enagas and Fluxys - are examining the prospect of joining DESFA to express joint interest, separate bids from the two sides are considered likeliest. The main reason for this has to do with certain tender rules that restrict the ability of consortiums participating in the first round to then reshuffle, if needed.

Greek privatization fund TAIPED said that it has decided to extend the deadline for the submission of expression of interest for the concession for the use, development and operation of an underground natural gas storage facility in the almost depleted natural gas field South Kavala. The deadline has been extended from initial 31 August to 30 September. TAIPED provided no explanation for the reason of this extension. The tender has been launched in late June. Natural gas field South Kavala is located in the southwestern part of the Prinos-Kavala basin, in 52 meters of water depth in the North Aegean Sea, about 6 kilometers off the west coast of Thassos. The duration of the concession agreement will be up to 50 years. The conversion of the natural gas field South Kavala into an underground gas storage will be carried out by the concessionaire within a binding period to be determined in the concession agreement. According to estimates, underground gas storage facility will cost about 240 million euros and will provide annual transmission capacity of 360 million cubic meters, with a potential to be doubled. Greece has launched a balancing platform for natural gas in 2018 and is currently planning its development into an organized gas market envisioning the country's establishment as a regional commercial gas hub. New gas entry points, besides Trans-Adriatic (TAP) pipeline, will be needed to secure sufficient gas quantities and flexibility during this transition, and the role played by the Kavala underground storage during this stage will be vital.