



MEDGAZ

**A new off shore gas pipeline between
Algeria and Spain in the new liberalized
European gas markets' context**

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Yves Lebas
Cepsa Gas Comercializadora

Juan Antonio Vera
Cepsa / Medgaz

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Medgaz – A new gas pipeline



- I. Location
- II. The technical project
- III. The partnership
- IV. The Spanish gas market
- V. Future challenges

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I. Location

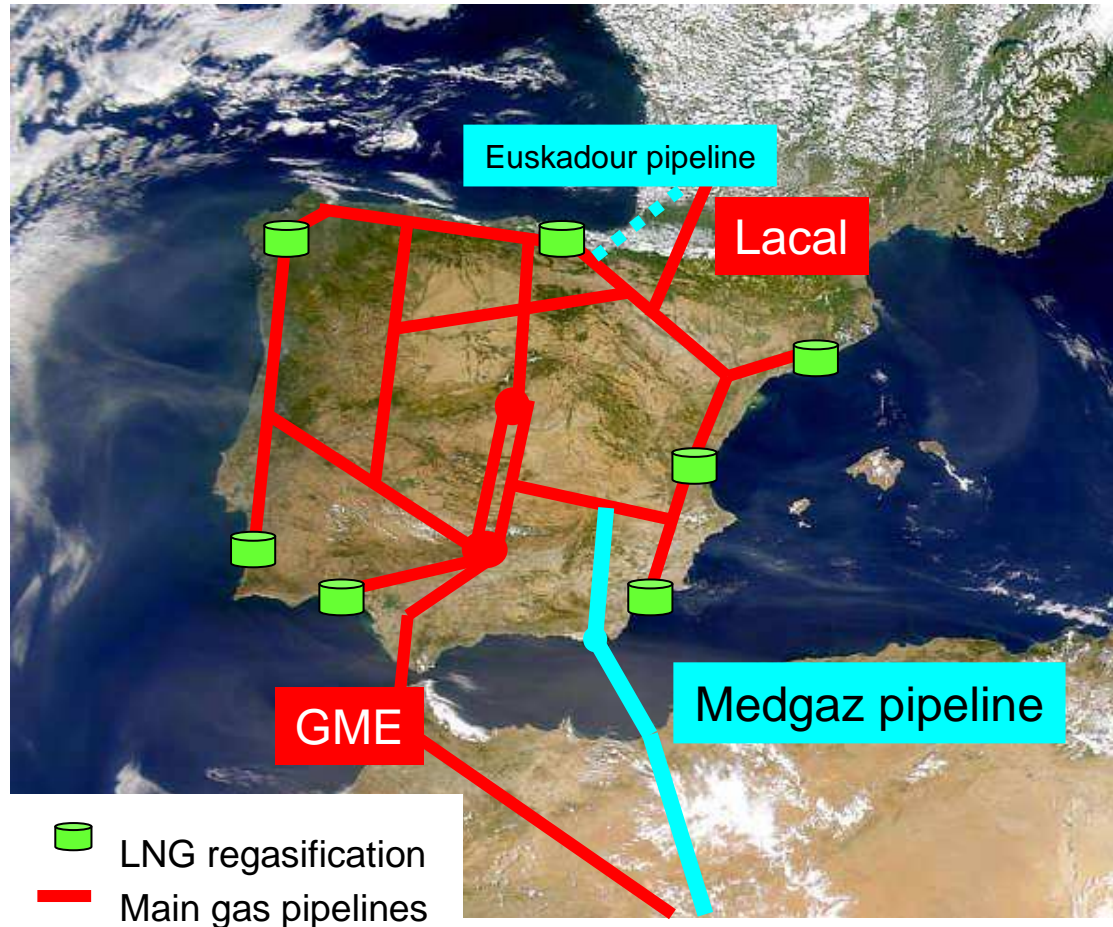


Photo from www.nasa.org



Source: Sonatrach 2006

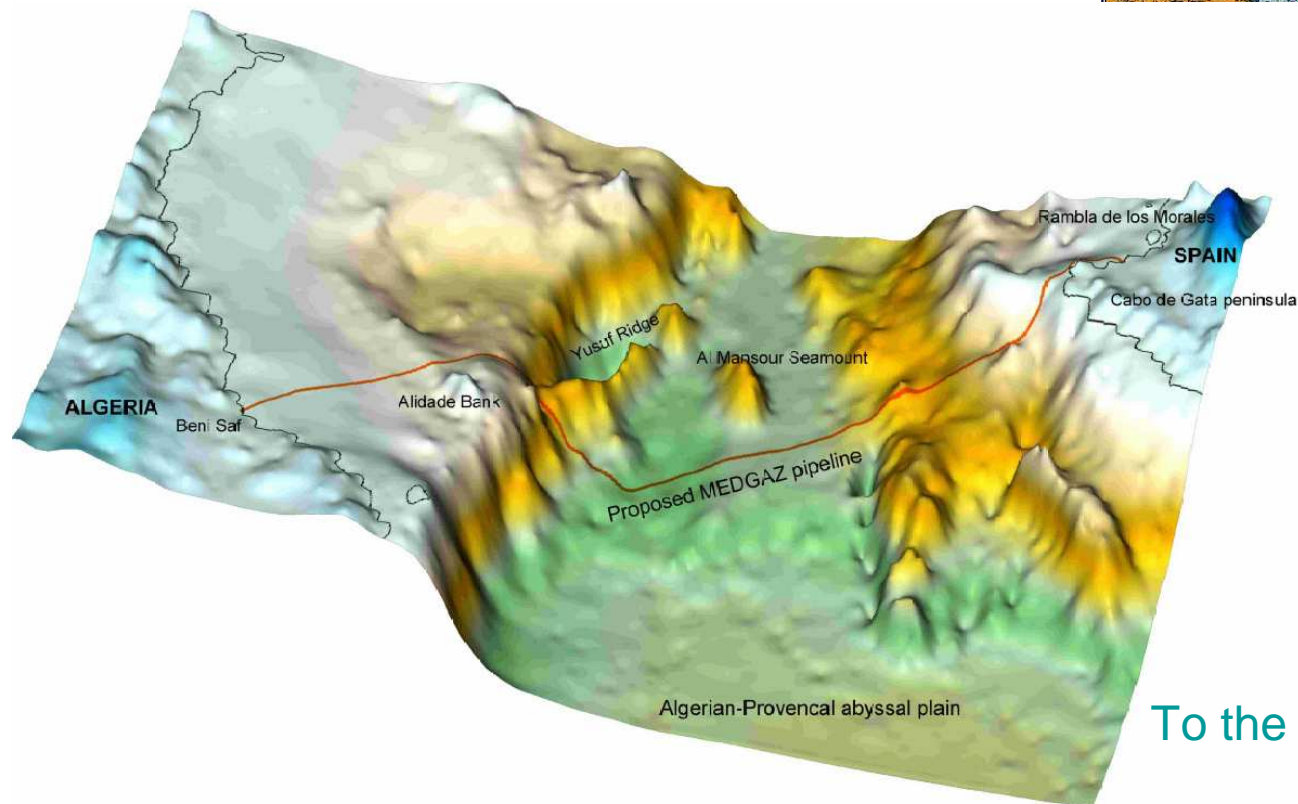
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II. The technical project: studied corridors

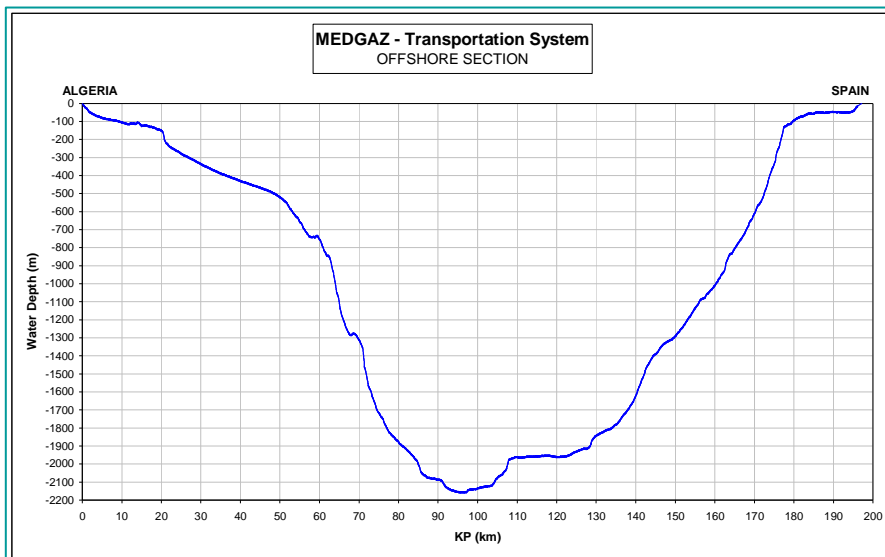
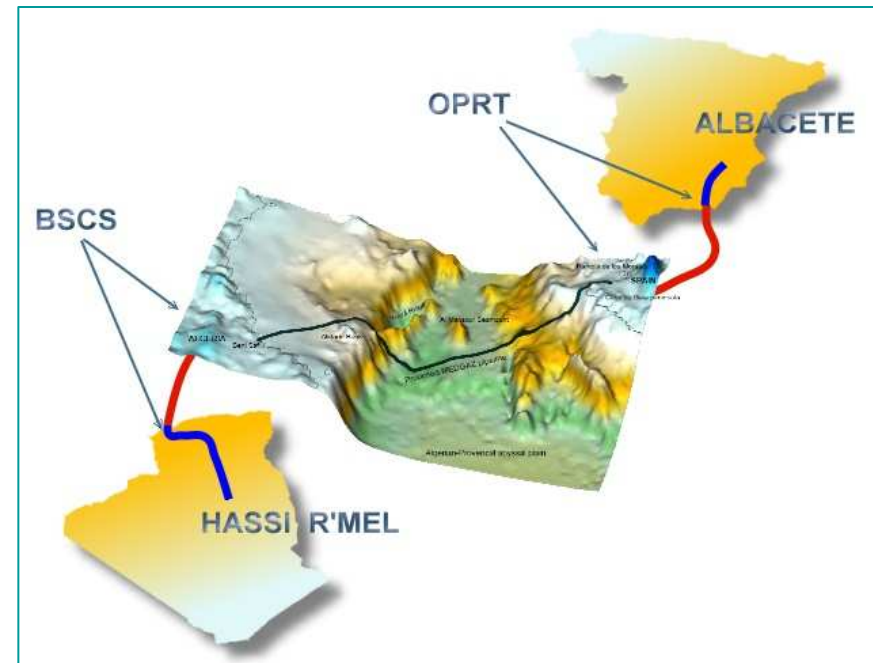
From the corridors studies already in the 70s



To the current selected route

II. The technical project: relevant figures

- Length: **200 km**
- Max. Depth: **2.165 m**
- Diameter: **24 inches ID**
- Capacity: **8-10 bcm/year**
- Investment: **700 M€**

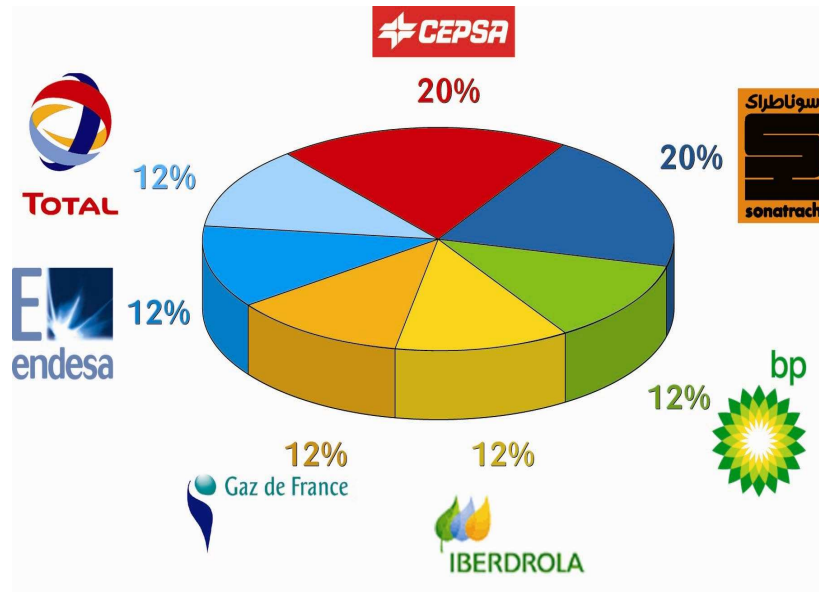


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III. The partnership

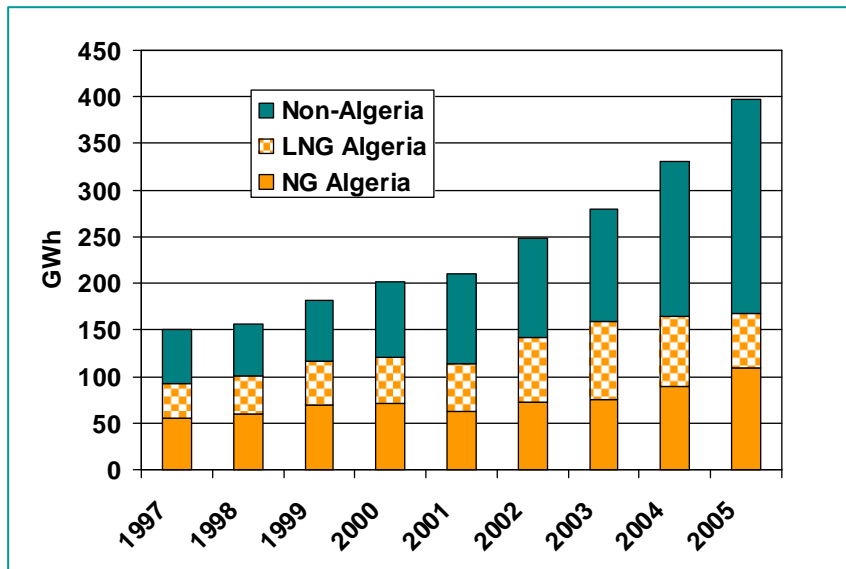


The Medgaz partners comprise:

- The largest gas supplier to Spain
- The second oil company in Spain
- The two major Spanish utilities
- Two global oil & gas majors
- One of the main gas company in Europe

- | | |
|---------------------------------------|------------|
| ➤ Project presentation to Authorities | 2002 |
| ➤ EU support: PIC/TEN | 2003-2004 |
| ➤ Shareholders' Agreement | 2004 (Feb) |
| ➤ UE financial support | 2005 |
| ➤ Medgaz rated as "A urgent" by Spain | 2005 (Jun) |
| ➤ EPC Tenders launched | Feb 2006 |

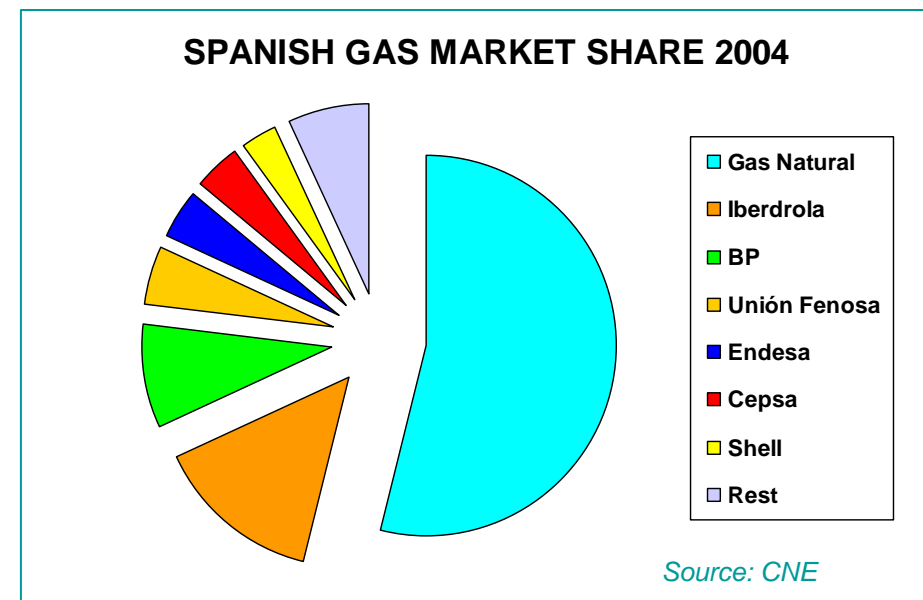
III. The partnership: Algerian gas supply



Source: CNE

- The main player in the Spanish market had so far unrivalled access to Algerian NG
- Medgaz will provide generalized access to the most competitive gas to 4 out of the 7 main gas players in Spain

- Algeria is the closest gas supply to Spain
- Algerian NG: most competitive gas source
- Strong Spanish dependence on Algeria, reduced after 2001



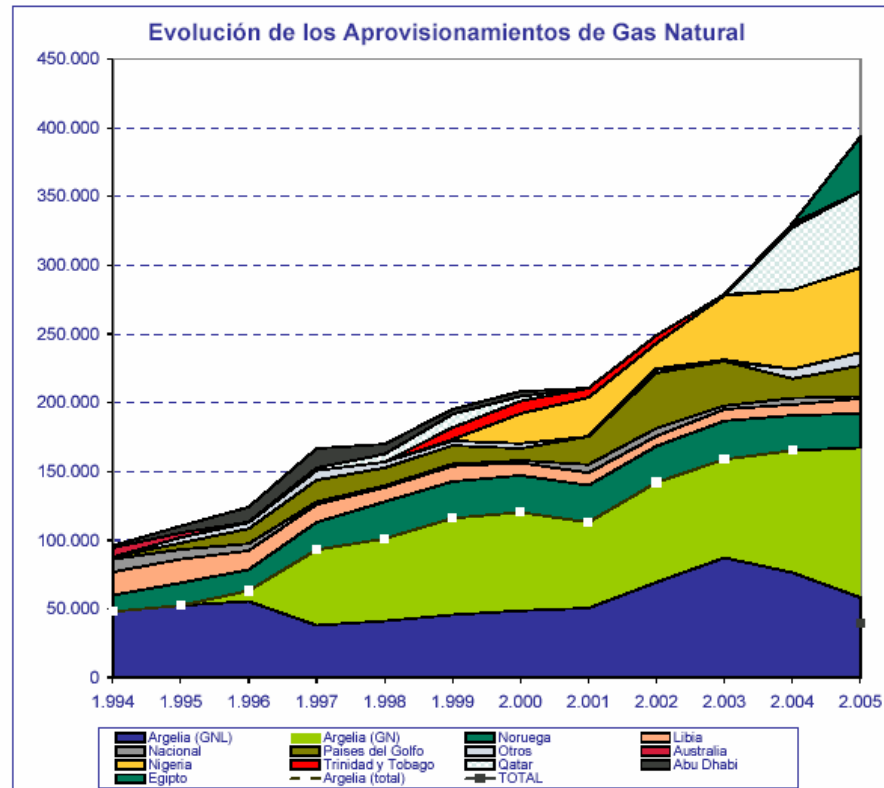
Source: CNE

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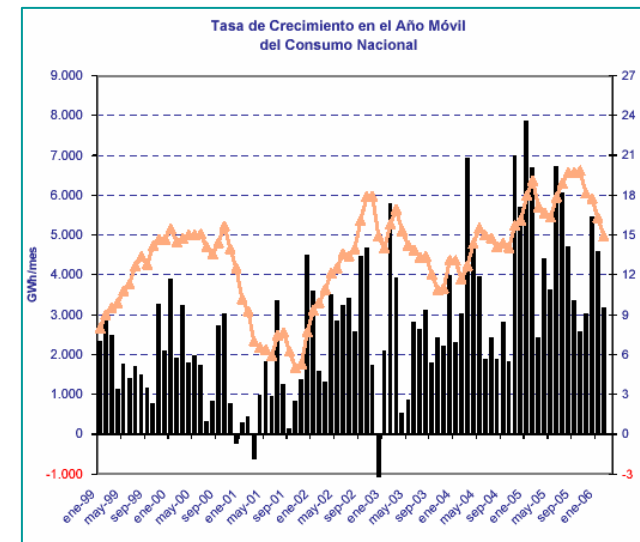
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IV. The Spanish gas market: demand growth



Source: CNE

- 10+%/year growth
 - 1990-2003 Ind. & Commercial
 - 2004-2011 power generation
- No indigenous gas
- Very limited storage
- LNG biased
- Spain as a “gas island”

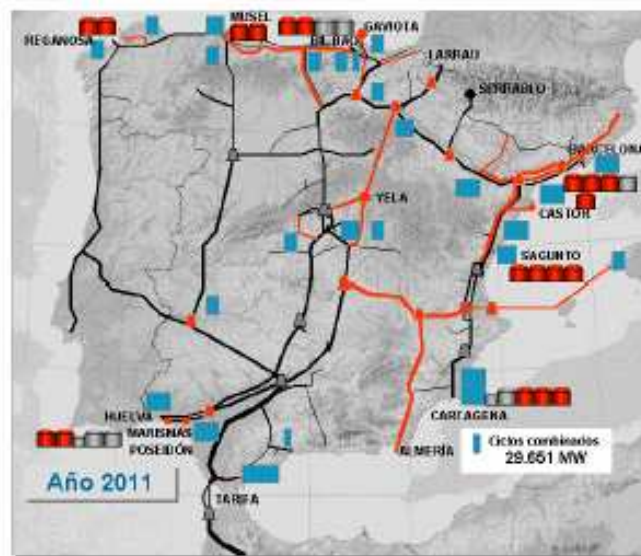


Source: CNE

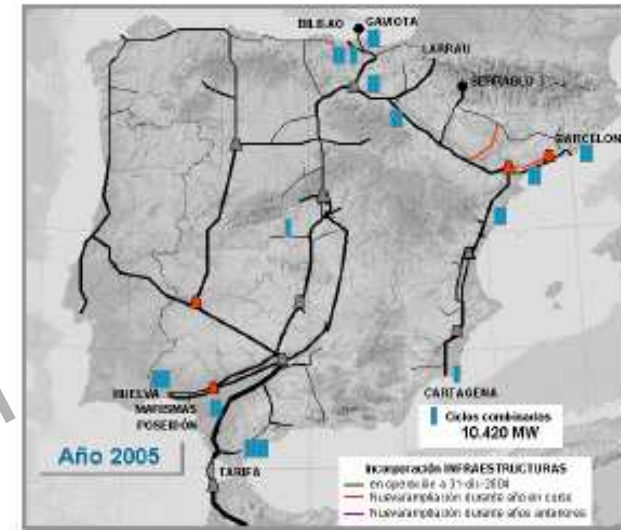
IV. The Spanish gas market: 2011 horizon

The new Spanish energy plan 2006-2012 tries to address the new market challenge:

- Expected consumption growth
- Change in market structure:
 - Electricity driven market
 - Volatile renewable (wind)



Source: Ministerio de Industria 2006



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Medgaz role in the 2011 horizon:

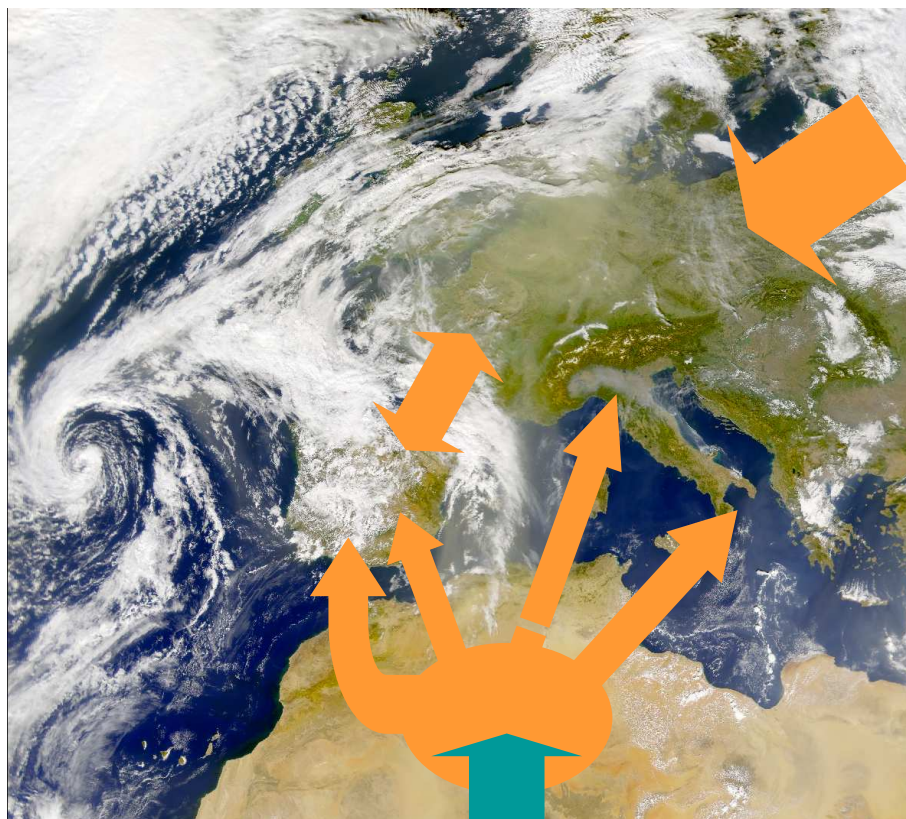
- Direct access to gas producing fields (3 -4 hours Hassi-R'Mel to Madrid)
- Pipeline operational flexibility

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V. Future challenges



Medgaz facilitates the integration of the European gas markets

- Consolidates Algeria as the Southern Europe gas strategic partner
- Opens the Spanish market to level ground competition
- Provides incentives to Spanish interconnections with France:
 - Spain less of a “gas island”
 - Spanish access to French storage
 - French access to Algerian NG
- Widens the opportunities of future African gas pipeline projects (TSGP Nigeria-Algeria)



Thank you for your attention

Merci de votre attention

Gracias por su atención

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www.medgaz.com

