

First joint wind and solar competitive tender procedures in April and May 2019

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Introduction

Terms of competitive procedure

Amending tariffs for very small PV plants and enhanced competition in RES

Comment

Introduction

In April and May 2019 solar and wind renewable energy systems (RES) producers will compete for the first time for operating state aid and a place in the Greek energy market in a joint competitive tender procedure organised by the Energy Regulatory Authority (RAE). The operating state aid granted as feed-in premiums (FiPs) – which are essentially contracts for difference or, in exceptional cases, feed-in tariffs (FiTs) to be determined either by legal act or on a per-project basis based on competitive bidding procedures – was introduced for the first time by Law 4414/2016. FiPs are calculated as the difference between the special market price and the applicable reference price, which is either regulated or based on a competitive bidding procedure. The RES generators participate in the electricity markets as any other electricity producer. However, if the special market price is below the agreed reference price, they will also receive a premium to cover the difference. In turn, if the special market price is above the agreed reference price, the generator must refund the excess to the special account.

Until now, the RAE organised two pilot procedures for photovoltaics (PV) producers in 2016 and 2017 and two separate regular competitive procedures in July and October 2018 for wind and PV units competing in the following categories:

- wind projects with a capacity between 3 megawatts (MW) and 50MW;
- PV plants with a capacity between 500 kilowatts (kW) and 1MW (small PV projects); and
- PV plants with a capacity between 1MW and 20MW (large PV projects).

However, in December 2018 the RAE cancelled the auction and its results for large PV plants in order to protect the public interest and competition (for further details please see "[Overview of RES state aid scheme implementation](#)").

On 28 February 2019 the RAE launched an invitation to participate in this first joint solar and wind competitive procedure by issuing Decision 230/2019 (OJ B' 656/2019) and offering state aid for 600MW (400MW were planned for 2018 and half of the quantities for 2019).

Terms of competitive procedure

The following producers may participate in this joint solar and wind procedure:

- wind farms with a maximum production capacity above 50MW;
- PV units with an installed capacity above 20MW;
- PV units with an implemented capacity above 20MW which have been included either in the fast-track authorisation procedures set out in Article 9 of Law 3775/2009 (OJ A' 122) or the strategic investment procedures set out in Law 3894/2010 (OJ A' 204);
- groups of at least two wind farms with a maximum production capacity above 50MW which have a joint connection point to the system and network;
- groups of at least two PV units with an installed capacity above 20MW which have a joint connection point to the system and network;
- groups of at least one wind and one PV unit with a maximum production capacity above 50MW which have a joint connection point to the system and network; and
- PV units with a total installed capacity above 20MW which have been included by the same decision either in a fast-track authorisation procedure or in a strategic investment procedure,

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as mentioned above.

The condition for the above plants to participate is that either a connection agreement has been concluded with the network operator or a binding offer for connection has been obtained from the network operator. In both cases, the respective guarantees must have been submitted.

The maximum capacity offered will be 600MW. The final offered capacity will be determined based on the capacities participating in the procedures. In order to enhance competition, the final auctioned capacity will be determined by the minimum competition level, which has been set at 40%. This means that the total capacities of all of the participants in the competition should exceed the finally offered capacities by 40%. For example, if the initial (ie, maximum) tender capacity is 200MW, while the total capacity of all of the participants is 140MW, the RAE will offer only 100MW for tendering. However, if the calculated capacity is below the largest capacity offered by one participant, it will be increased in order to equal the largest offered capacity.

The initial and the highest allowed price has been set at €64,72MW/h.

The competitive procedure has two stages:

- In the first, the participants submitted their application and other necessary documents and registered on the electronic platform. The submissions deadline was 21 March 2019.
- The second step will take place on 15 April 2019, at which point the online auction will be held and the results announced.

Amending tariffs for very small PV plants and enhanced competition in RES

Law 460/2019 (OJ A'45/2019) introduces the following important amendments to the RES support scheme.

From January 2020 the FiT for small PV units (below 500 kW), which were until now the only category of PV plants to receive FiT without participating in competitive procedures, will not be calculated based on the margin market price on the day ahead electricity market. Rather, the FiT will be calculated based on the average price of the three consecutive competitive procedures for PV units held before the last competitive procedure prior to the respective application, increased by 5%.

PV units held by energy communities with a capacity of 1MW or lower and PV units with a capacity of up to 500kW held by professional farmers have been added to this category. Their FiT will be calculated using the same principle, increased by 10%.

The law introduces a prohibition on the number of small plants which may receive FiT. Namely, with the exception of small PV plants described above, any individual or legal person may not, directly or indirectly through participation in the management or as a shareholder or a partner in a legal entity, conclude agreements on operational state aid without participating in competitive procedures for more than two plants of the same technology if respective competitive procedures are organised for these technologies. The RAE and other authorities will closely monitor the application of this prohibition and undertake necessary measures. For example, when granting production licences for plants with the capacity generally exempted from participation in competitive procedures, the RAE will, if the number of plants held by the same person exceeds two (as described above), grant the production licence with the proviso that the operational aid for such project may be obtained only through participation in competitive procedures.

Comment

Despite certain doubts, the market signs indicate that a significant number of players and capacities plan to participate in the upcoming joint competitive procedures.

On the other hand, there are concerns regarding the new rules for improving competition and the participation of very small PVs in competition procedures. The concerned producers particularly require clarification on whether the prohibition applicable to third and subsequent plants includes already operational plants and plants for which an application for connection to the grid was submitted to the network operator before 28 February 2019. While it is clear from the law that these plants will not be monitored (and thus the third plant rule will not apply to them), it is unclear whether these plants will be calculated as a first or second plant or completely exempt.

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