

First (regular) solar and wind competitive procedures projects initiated

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Introduction

Greece began reorganising its renewable energy system (RES) state aid scheme in 2016 by enacting the New Aid Scheme for Power Plants Using RES and Co-generation of Electricity and High-Efficiency Heat – Provisions on Legal and Operational Unbundling in the Supply and Distribution of Natural Gas and Other Provisions (Law 4414/2016, OJ B'149/09.08.2018). The law provides that from January 2016, RES state aid will be granted in the form of operating aid, either as:

- feed-in-premiums (FiPs), which would essentially be contracts for difference; or
- in exceptional cases, as feed-in-tariffs (FiTs), which will be determined either by law or on a per-project basis based on a competitive bidding procedure.

FiPs will be calculated as the difference between the special market price and the applicable reference price, which is determined either by law or on a per-project basis based on a competitive bidding procedure.

RES generators will profit by selling the electricity on the market. However, if the special market price is below the reference price, RES generators will also receive a premium to cover the difference. If the special market price is above the respective reference price, the excess will be refunded by the generator to the special account kept by the market operator, LAGIE. Small-scale projects will continue to be paid by FiTs. The same applies to the non-interconnected islands, due to the fact that no wholesale markets exist on most of these islands.

Ministerial decisions regulating competitive procedures

The minister of environment and energy has provided the legal framework for implementing the law and organising the competitive procedures to determine the reference prices for certain projects receiving operating aid.

According to Decision APEEK/A/F1/oik 184573, OJ B4488/19.12.2017, as amended by Decision APEEK/A/F1/oik 172858, OJ B'1263/10.04.2018, the following RES projects may receive operating aid, in amounts which will be determined in the competitive procedures:

- wind plants with a maximum production capacity over 3 megawatts (MW) and below or equal to 50 MW;
- wind plants with a maximum production capacity over 50 MW;
- photovoltaic (PV) plants with an installed capacity equal to or above 500 kilowatts (kW) and below or equal to 1 MW;
- PV plants with an installed capacity above 1 MW and below or equal to 20 MW;
- PV plants with an installed capacity above 20 MW;

AUTHOR

[Mira Todorovic Symeonides](#)



- groups of at least two wind plants which have a joint connection point to the grid and a maximum production capacity above 50 MW;
- groups of at least two PV plants which have a joint connection point to the grid and an installed capacity above 20 MW; and
- groups of at least one wind and one PV plant which have a joint connection point to the grid and a maximum production capacity above 50 MW.

Notably, competitive procedures for determining FiTs are not compulsory for the following projects if they are held by 'energy communities', as defined by the Law on Energy Communities (4513/2018 (OJ A'9/23.01.2018)):

- wind plants with a capacity below 6 MW; and
- PV plants with a capacity equal to or above 500 kW or below or equal to 1 MW.

Other RES and high-efficiency co-generated heat and power technologies will for now, be included in the operating aid in the form of FiPs.

There are two types of competitive procedure:

- regular competitive procedures, which are organised for wind projects with a capacity between 3 and 50 MW and PV projects with a capacity between 1 and 20 MW and those above 20 MW; and
- pilot competitive procedures for the other RES projects listed above.

The minister further sets the maximum capacity for the projects which may receive operating aid (20 years from the start of their operation). The reference price will be determined in competitive procedures which will be organised in 2018, 2019 and 2020 (Decision APEEK/A/F1/oik172859, OJ B'1267/10.04.2018) as follows:

- wind plants with a capacity between 3 and 50 MW: 300 MW in 2018, 300 MW in 2019 and 300 MW in 2020;
- PV plants with a capacity between 1 and 20 MW and above 20 MW: 300 MW in 2018, 300 MW in 2019 and 300 MW in 2020; and
- other technologies: 400 MW in 2018 and 400 MW in 2019.

Any remaining capacity not sold in such procedures will be added to the quantities to be auctioned in the next year in the relevant category.

The maximum reference price in the first competition procedure in 2018 will be:

- €90 per megawatt hour (MWh) for wind plants with a capacity between 3 and 50 MW; and
- €85 per MWh and €80 per MWh, respectively, for PV plants with a capacity between 1 and 20 MW and above 20 MW.

Conducting competitive procedures

The first regular competitive procedures were initiated in April 2018, following the Regulatory Energy Agency's (RAE's) launch of three tenders (Decision 321/2018, OJ B'1466/27.04.2018). The maximum capacity of any aid that may be received is as follows:

- 70 MW for PV projects less than or equal to 1 MW;
- 230 MW for PV projects between 1 MW and 20 MW; and
- 300 MW for wind projects between 3 MW and 50 MW.

The competitive procedures will be implemented in two phases. During the first phase, the RAE will assess participation applications. In the second phase, the reference price will be determined in the auctions.

Mature projects may participate in the above competition procedures only if they have obtained a production licence and:

- have an agreement on connecting to the grid with the respective operator; or
- the final offer for connecting to the grid is still valid.

The deadline to submit participation applications was 5 June 2018. On 25 June 2018 the RAE issued the final list of the approved participants (Decision 613/2018). The auctions are planned for 2 July 2018, with the RAE scheduled to issue the final list of successful bidders not later than 4 July 2018.

As the minimum competition level for all three procedures is 75%, the total capacity for which aid will be awarded may not exceed 75% of the capacities participating in the competition. Thus, the amount of capacity for which the aid may be awarded will be calculated after the amount of participating capacities is determined.

The capacities for which the participation applications were submitted were below the maximum provided. Specifically, on 7 June 2018 the RAE announced that the total submitted applications for:

- the first category (small PV) was 105.95 MW (177 plants);
- the second category (large PV) was 197.21 MW (34 plants); and
- the third category (wind projects) was 308.68 MW (14 plants).

In regard to wind plants, the RAE approved all of the applications; however, due to the minimum competition level rule, the finally awarded aid may not exceed projects with a total capacity of 176.39 MW, which means that, due to the fact that a total of 300 MW is planned for 2018, the remaining capacities will likely be scheduled for additional competitive procedures to be organised by the end of 2018.

In regard to the PV projects, a significant number of applications were not approved by the RAE. In regard to the small PV project category, 93.66 MW (155 plants) has been approved. Therefore, aid may be awarded only to projects with total capacity of 53.52 MW. In the large PV projects category, only the projects with a total capacity of 93.44 MW (13 plants) have been approved, which means that the aid may be awarded for only 53.40 MW. Again, new competitive procedures will likely be scheduled for the remaining capacities by the end of 2018.

Comment

The reactions of the photovoltaic producer associations in Greece have focused on:

- the minimum competition level rule, claiming that 75% is too high, as there is no sufficient number of mature projects in Greece to apply such a high level; and
- the length of the licensing procedure which might have prevented some additional projects from being included in these procedures as mature projects.

Despite this, the first regular RES competition procedures have captured the interest of national and foreign investors, thus also attracting new market players.

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

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