

Fiscal and structural changes introduced to RES market

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Introduction

In November 2020 the Ministry of Environment and Energy announced the adoption of fiscal and structural measures aiming to:

- secure the adequacy of funds on the special account for financing the renewable energy source (RES) projects operating in Greece; and
- ensure the gradual adaptation of the RES industry to the recently launched operation of the electricity target model.

Financing of special account

The current economic situation (including the implications of the COVID-19 pandemic) reflects negatively on the financial viability of the special account established by virtue of Article 143 of Law 4001/2011 to finance RES projects, which saw in 2020 a deficit of approximately €290 million and is therefore deemed to be in need of regulatory intervention in order to secure financial flows towards RES producers without burdening excessively certain market participants in favour of others. For this reason, a ministerial decision (OJ B' 5901/31.12.2020) has been issued by the minister of environment and energy, according to which, with regard to 2020, 78% (instead of 65%) of the revenue generated from the auctioning of greenhouse emission allowances will be directed to the financing of said special account.

Further financing of the special account is to take place through:

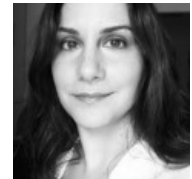
- the one-off fee paid for this purpose by applicants for RES production certificates according to Article 17 of Law 4685/2020 (OJ A' 92/7.5.2020);
- a one-off contribution amounting to 6% of the annual turnover for 2020, imposed by virtue of Article 157 of Law 4759/2020 (OJ A' 245/9.12.2020) on all types of RES producer operating under a feed-in-tariff scheme prior to 31 December 2015;
- a one-off fee in the amount of €2/MWh imposed by virtue of Article 157 of Law 4759/2020 on electricity providers (the total amount burdening the providers will be equal to the total amount paid by the RES producers according to the second bullet point);
- a special green tax of €30/kL imposed by virtue of Article 158 of Law 4759/2020 starting in 2021 on diesel fuel;
- estimated cutbacks on other imposed fees due to the gradual connection of the Greek islands to the national grid;
- transitional financing from the EU recovery plan (pending approval); and
- fees paid by high and medium-voltage consumers (possibly with the exception of the hotel industry).

Granting of operational aid

With regard to the adaptation of the RES industry to the recently launched operation of the electricity target model, of particular importance is the expected extension up to 2024 of the competitive procedures for the granting of operational aid, whereby six joint solar and wind competitive rounds are planned (350MW auctioned per round). According to Article 159 of Law 4759/2020, starting in 2021 and until the minister of environment and energy issues the relevant decision on the competitive procedures, the signing of operational

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aid agreements (for, among other things, wind RES plants with a capacity exceeding 3MW and solar photovoltaic (PV) plants with a capacity exceeding 500kW) is temporarily frozen. However, an exception is provided for, among other things, plants already eligible through competitive procedures or which have accepted the granted connection terms by 31 December 2020.

New RES projects (or RES projects pending environmental licensing on 31 December 2020) applying for grid connection terms from 1 January 2021 onwards are to receive operational aid only through participation in the competitive procedures. According to Law 4759/2020, starting in 2022, solar PV projects, in particular, are not to receive operational aid unless through participation in the competitive procedures or unless they concern the deployment of PVs on buildings.

Law 4759/2020 also increases the maximum capacity of RES plants from 1MW to 3MW for the purposes of net and virtual net metering.

The structural reform introduced through this law also concerns RES projects that are given the status of strategic investments whereby, unless they use innovative technologies, they will no longer be treated with priority with regard to their connection to the grid.

Changes are also anticipated for the so-called 'small PVs' (ie, PV plants with a capacity not exceeding 500kW), whereby, from 2021 until 2024, they will receive operational aid only through (additional) competitive procedures. For pending applications for connection to the grid, the deadline to sign the power purchase agreement for obtaining a reference price under the previous regime is 31 December 2021.

With regard to the solar PV projects of energy communities, these may continue to obtain operational aid without participating in competitive procedures, provided that the project has a capacity not exceeding 18MW and members of the energy community are municipalities or prefectures or the community has more than 60 members (whereby at least 50 of them are natural persons). However, starting in 2022, these energy communities must also participate in the competitive procedures to obtain operational aid.

Revision of spatial plan for RES projects

As a last note, it is worth noting that the ministry is also launching the procedure for the revision of the country's spatial plan for RES projects. This is deemed necessary since the previous relevant spatial plan of 2009 does not take full account of the technological advancements as concerns various RES technologies or of the needs of the environmentally sensitive areas, such as the small islands. The new spatial plan is not to be anticipated earlier than Q3 of 2021.

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