

RES sector reform – regulatory update

18 November 2019 | Contributed by [Rokas Law Firm](#)

RES producers' participation in day-ahead markets

Upcoming RES auctions

RES on Greek islands

Lifting of saturated grid status of Peloponnesus grid

Change of FiT for small RES

Limitation on number of small RES plants held by one person which may receive FiTs

The renewable energy sources (RES) sector of the Greek energy market is undergoing continuous and significant reform. Among other changes, the Hellenic Energy Exchange (HEEnEx) has commenced operations, RES producers now participate in the day-ahead market and the Greek islands' renewables sector has been expanded.

RES producers' participation in day-ahead markets

In May, September and October 2019, the Regulatory Authority for Energy (RAE) launched several public consultations regarding amendments to:

- the RES Code on Operation and Certificates of Origin, proposed by the Greek Operator of RES and Guarantees of Origin (DAPEEP) and HEEnEx; and
- the Electricity Transmission System Operation Code, proposed by the Greek Transmission System Operator (ADMIE) in order to enable RES producers to participate in the day-ahead market, which is currently operated by HEEnEx.

According to Article 5 of Law 4414/2016, **(1)** RES and high-efficiency cogeneration of heat and power (HE CHP) producers that have concluded power purchase agreements on operational aid with a premium (FiP) must participate in the day-ahead market either directly or through an aggregated representative or the aggregated representative of last resort (ie, DAPEEP). **(2)**

Due to the delayed implementation of this representation mechanism, the producers of the electricity generated by and injected into the system have not been paid since June 2019, when the previous remuneration mechanism was abandoned. According to Ministerial Decision 87325/2923 of 30 September 2019, **(3)** from 1 November 2019, DAPEEP will represent the RES and HE CHP producers with which it has concluded representation agreements; RES and HE CHP producers' participation in the day-ahead electricity market began on the same date.

Upcoming RES auctions

On 30 August 2019 the RAE issued Decision 828/2019, **(4)** launching the next two RES auctions of 225MW for wind power stations of up to 50MW and of 287MW for solar power stations of up to 20MW, which will take place on 12 December 2019. The two pilot RES auctions were organised in 2016 and 2017, while regular auctions in compliance with the law and the respective ministerial decision began in 2018. Since then, four auctions have been organised for different categories of wind and photovoltaic (PV) plant, during which the FiP was significantly reduced for all categories (for further details please see "[RES update – competitive procedures for FiP](#)").

However, despite growing investor interest in the RES auctions, relatively low participation is expected for the December 2019 auction. According to the market stakeholders' comments, this is due to either:

- the delayed licensing procedure for new wind farms; or
- the fact that various energy communities have secured priority over private PV projects regarding connectivity and installation.

In light of these problems and considering Greece's obligation to achieve national energy targets, the RAE and the Ministry of Environment and Energy are simplifying the RES licensing framework.

AUTHORS

[Mira Todorovic Symeonides](#)



[Maria Ioannou](#)



RES on the Greek islands

Until now, the Greek islands have relied heavily on conventional energy sources which involve high production costs and have a negative environmental impact. Existing local electricity grids are being used almost to full capacity and therefore cannot support new RES projects.

The draft National Plan for Energy and the Climate (which must be approved by the European Commission) anticipates that the Greek islands will host RES projects of approximately 14,000MW and be part of the developing market for alternative fuels. According to the national plan, most of the islands will be connected to the transmission grid. Notably, the West Cyclades Islands are expected to be connected to the transmission grid by 2023, while preparatory steps for the construction of the Crete-Peloponnesus connection are already being taken. Unconnected islands will have to rely on energy storage and new RES and hybrid plants (including a storage system).

For now, hybrid stations are exempt from the competition procedures that apply to other RES technologies and their tariffs are approved on a case-by-case basis. The Ministry of Environment and Energy has announced a new legislative procedure for hybrid stations on all non-interconnected islands, without capacity restrictions, following public consultation with all relevant stakeholders. As regards the latter, in 2018 the RAE granted an opinion⁽⁵⁾ according to which the maximum price for hybrid-station-generated energy is set at €200/MWh (subject to review every three years), comprising compensation partly for the energy produced (controlled production up to 3,500MWh of guaranteed production) and partly for the availability of energy (additional production and production remunerated according to the RES reference prices).

The new legal framework is also expected to facilitate the licensing procedure for the approximately 150 pending hybrid station applications.

Lifting of saturated grid status of Peloponnesus grid

On 2 October 2019 the RAE published Decision 663 regulating the increase of the maximum RES electricity injection capacity of the transmission and distribution of the Peloponnesus grid from 1,900MW to 2,310MW.⁽⁶⁾

A total capacity of 1,200MW will be allocated to wind power production; however, an additional 380MW is reserved for wind power stations with interruption ability; 900MW for solar power production; 100MW for small hydroelectric station production; 80MW for biomass, biofuel, geothermal, solar-thermal energy and combined heat and power plant production; and 30MW for energy produced by RES operated by energy communities.

With this decision, the RAE lifted the ban on new RES production applications which had been imposed in 2012 due to the saturation of the Peloponnesus network (see RAE Decision 699/2012). From the December 2019 submission round, the RAE will accept new applications for production licences in Peloponnesus, while technologies and plants which are exempt from acquiring a production licence may apply to be connected to the distribution and transmission operators (ie, in order to receive the binding connection terms and subsequently sign a connection agreement). However, the capacity limit set out in Decision 663 does not apply to prosumers or certain plants with special regimes.

Change of FiT for small RES

In March 2019 Law 4602/2019 introduced amendments to the RES support scheme, particularly in regard to the amount of feed-in-tariff (FiT) paid for small PV plants.⁽⁷⁾ PV plants with an installed capacity of up to 500kW may opt to receive administratively determined FiTs; however, above this capacity threshold, they must participate in competitive procedures in order to receive the operational state aid. The FiT for the aforementioned PV plants which commenced operations after January 2016 and before the end of December 2019 is calculated relative to the average system marginal price achieved on the day-ahead electricity market. From January 2020, the FiT for these PV plants will be equal to the average price of the three consecutive competitive procedures for the same technology held previous to the one before the respective application, increased by 5%. Further, PV units of energy communities with an installed capacity of up to or equal to 1MW and PV units with an installed capacity of up to 500kW which are operated by professionally registered farmers will be equal to the average price of the three consecutive competitive procedures for PV (of the same PV category or, if such categories have not been organised, the PV category which has been organised) held prior to the one before the respective application, increased by 10%.

On 3 June 2019 the Ministry of Environment and Energy also issued Circular Letter 50234/1658/2019, clarifying certain issues regarding the calculation of the new FiTs.

Limitation on number of small RES plants held by one person which may receive FiTs

Law 4602/2019 also introduced a limit on the permissible number of amendments to the RES support scheme, particularly in regard to plants which are entitled to receive FiTs and which need not participate in the competitive procedures in order to receive operational aid. This limit is set in order to address the issue of producers obtaining operational state aid in the form of FiTs by avoiding participation in the competitive procedures by splitting the projects into two or more plants, thus reducing their total capacity below the threshold for compulsory participation in competitive procedures.

With certain exceptions, any individual or legal person directly or indirectly (through its participation in the management or as a shareholder or partner in a legal entity, by any percentage of participation) may not conclude agreements on receiving operational state aid without participation in competitive procedures for more than two plants of the same technology (that is, if the respective competitive procedures are organised for these technologies). Further, energy communities established under Law 4513/2018 may not conclude FiT power purchase agreements if the total capacity exceeds 18MW.

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

Endnotes

(1) OJ A'149/2016, under the title New Support 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.

(2) DAPEEP was appointed to be the aggregated representative of last resort until the end of 2022 (Ministerial Decision ΥΠΕΝ/ΔΑΠΕΕΚ/25512/883, OJ B' 1020/27.03.2019).

(3) OJ B' 3617/2019.

(4) OJ B' 3578/2019.

(5) RAE Opinion 7/2018.

(6) OJ B' 3660/2019.

(7) OJ A'45/2019.

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).