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Editor's note

Dear readers,

Welcome to the new-look digital Energy Newsflash of Rokas Law Firm. The current issue spots the light on the regulatory framework and regime updates in Greece.

We examine transaction prices vs price limitations, methodology for the calculation of costs, amendments in strategy investments and reforms of the electricity market designs.

As energy is one of the crucial and rapidly changing industry sectors both worldwide and in Greece, our Energy & Environment Law Team is always at the forefront of the market developments and strives for excellence in everything we do.

I hope you enjoy the issue!

Mira Todorovic Symeonides

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Temporary mechanism for return of part of the proceeds on the intraday market

On 20 January 2023, Decision of the Greek Ministry of Environment and Energy ΥΠΕΝ/ΔΗΕ/138775/4768 extending the application of the Temporary mechanism for the refund of part of the Day-Ahead Market (DAM) revenue to the Intraday Market, was published in the Government Gazette Β' 275/20.1.2023. Until now the Temporary mechanism applied only to the DAM thus enabling some producers to partly avoid its application by declaring increased loads on the Intraday Market. A way to avoid the distortion was to apply the same mechanism with the same price limitations to the Intraday market as well. The amounts collected through this mechanism are a source of revenue for the Energy Transition Fund to continue providing electricity subsidies for households and businesses.



First, in 2022, article 12A of Law 4425/2016, which introduced the Temporary mechanism for refunding of Part of the DAM, applicable from July 1, 2022, to June 1, 2023, was amended by Law 4951/2022 authorizing the Ministry to decide on the application of the same measure to the Intraday Market as well. Pursuant to this Temporary mechanism, part of the revenues above the regulated revenue to which the Participants are entitled from the DAM and Intraday Markets is withheld by the clearing house and forwarded directly to the Energy Transition Fund. The amount

remaining after the withholding of the aforementioned revenues is the revenue of the DAM producer and the revenue of the Intraday auctions producer. RAE publishes on its website on a monthly basis the amounts of the regulated revenue. For example, the regulated revenue for February 2023 was €85/MWh for RES Portfolios, €112/MWh for big hydro, €291.96/ MWh for open cycle gas turbine, €210.44/MWh for Combine Cycle Gas Turbine and €205.61/MWh for Lignite.

For each transaction of electricity sale on the above two Energy Exchange markets (including electricity from RES):

a. If the transaction price is less than or equal to the administratively determined unit price there will be no withholding.

b. If the transaction price is above the administratively determined unit price the amount equal to the amount of energy sold multiplied with the administratively determined price per unit is paid to the producers in the clearing procedure, while anything above received from the electricity sale is paid to the Energy Transition Fund.

by Athina Zoi, Associate
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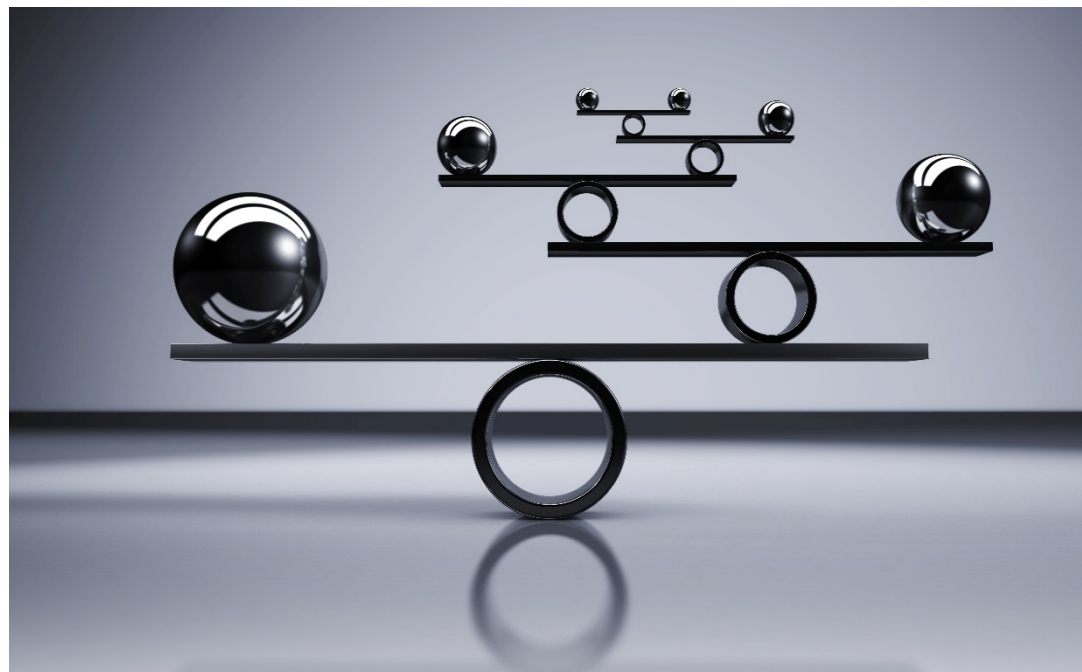
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Sharing the extension of the electricity transmission system costs among its users

On 12 January 2023, decision of the Regulatory energy authority of Greece (RAE) no. 879/2022 Regulation of methodology for division of costs for the works on extension of the System for connection of producers or consumers or distribution network to the Greek electricity transmission System, in compliance with articles 8.12 and 8.19 of the Code on operation of the Transmission System, was published in the Government Gazette no. B' 59/2023.

According to Greek law, producers or consumers (System Users) may agree with the electricity transmission system operator (System Operator) to undertake part of the construction works for the extension of the System, including construction of a private sub-station.

The Decision regulates the methodology for calculation the sharing of the costs in case of connection of a new User to a point included in the works for connection of the distribution network to the System, in case of connection of the distribution network at the point included in the works for connection of the User to the System, and in case of connection of a new User at the point included in the extension works for connection of the already connected User. The connection point may be a sub-station of the User or the existing transmission line which includes User's extension works.



The Decision, for the first time, regulates the methodology for calculation of the costs to be paid by each subsequent User. It also takes into account the possibility

that part of the sub-station's capacity may remain free in which case all the connected Users should share the costs of the connection.

Thus, in case that more than one User is to be connected to the System at the same connection point, the first System User that receives from a binding offer for connection to the grid, which includes the approval for extension of the System the System Operator, shall bare the cost and undertake to finalise the connection works. The second User which receives the binding offer for connection to the grid at the same point shall pay part of the construction costs to the first User, while the third User, if any, shall pay part of the costs to the first and part to second User, and so on. Finally, each User shall pay the proportional part of the costs depending on its capacity and time of connection.

by Mira Todorovic Symeonides | Partner
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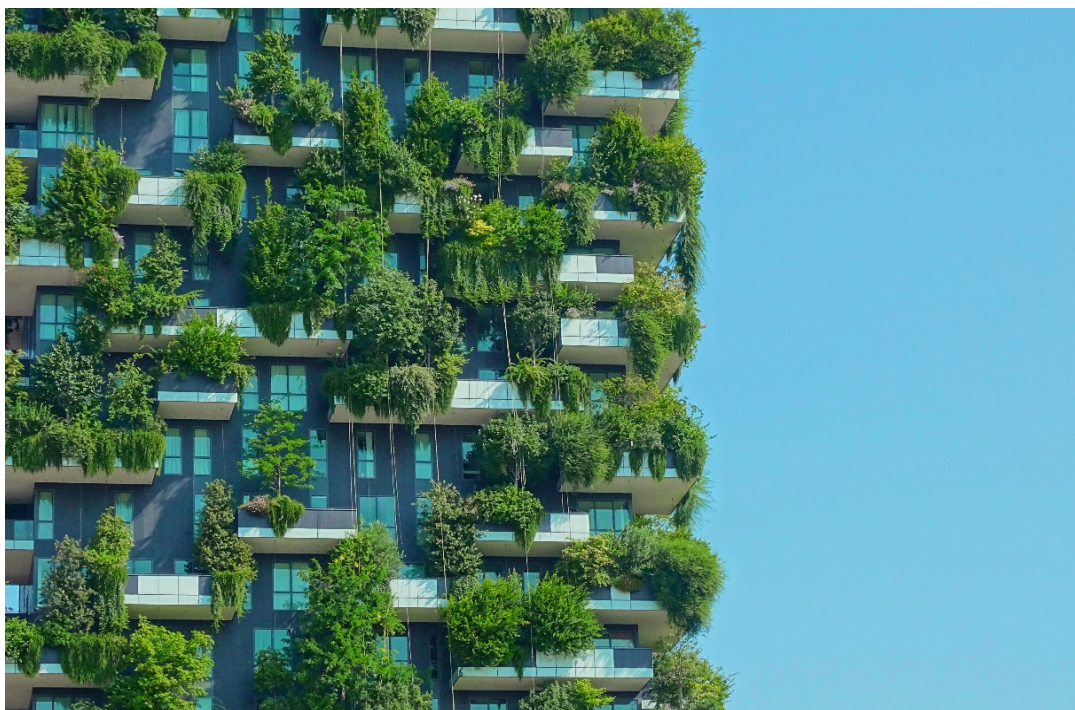


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Amendments to the priorities for the granting of access to the grid

On 20 January 2023, the Ministerial Decision No. 7063/2023 amending the decision No. 84014/2022 which regulated the priority framework for the granting of final Connection Offers for RES plants and high efficiency combined heat and power electricity plants and storage plants by the Network Operator and the System Operator, including areas designated as saturated grid by way of derogation from any other general or special provision, was published in the Official Journal B' 275/2023.

Regarding the categories of classification of RES plants, the main amendment is regarding the Category B – bilateral corporate PPAs. In particular, the maximum capacity limit for connection offers in this group was increased from 1500 MW to 4000 MW of installed capacity.



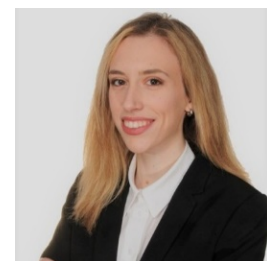
Other amendments within various categories and sub-categories are:

- Increase in the maximum capacity of Grid Connection Offers are also in category A4;
- A new sub-category for wind farms is added in the area within 30 kilometers from the border with maximum capacity of 250 MWs;

- For the Projects in sub-category A5 (RES with internal storage) there will be no reduction of capacity of 20%;
- Projects in Category B and Category C will be assessed alternately;
- The Priority Bond to be provided for Category B (PPA) projects will be submitted six months after the issue of the binding offer for the connection to the grid (not with the acceptance of the offer);
- Category D (RES projects combined with storage) projects can be assessed in parallel with Category B and C projects, provided that they do not prejudice the issue of binding offer for connection to the grid for these categories; and
- Pure storage projects which do not affect the grid absorption of RES projects are now assessed in parallel with Category B (rather than in parallel with Category C) and in priority to Categories C, D, E and F.

Furthermore, in regard to the projects characterized as strategic investments of the sub-category A2, the Decision regulates the procedure of capacities reduction as follows: the Operator first determines the maximum capacity in each Region and per project, and subsequently communicates it to the applicants. The investors concerned may either withdraw the application or a project which is part of a joint request or propose different reduction in capacities of each of its plants. In case the investor fails to implement the above mentioned or its proposal is not accepted by the Operator, then the Operator will apply the reduced installed capacity in proportion to each station. In case of withdrawal of an application from a joint request for the granting of final offer for connection to the grid, the Operator shall reevaluate such application retaining its date of completeness.

by Evagelia Gkana | Junior Associate
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Public consultation on the reform of the European Union's electricity market design

On 23 January 2023 the EU Commission launched a public consultation, to run until 13 February 2023, regarding its proposal to reform the electricity market design and to ensure that the benefits from rising renewable power deployment are brought to consumers, such as large industrial consumers, SMEs, and households.

This reform is focused on aspects requiring urgent adjustments to make the market more resilient and to reduce the impact of gas prices on electricity bills while supporting the energy transition, particularly regarding the ongoing increase of energy prices and the 2023/2024 heating season. It involves making amendments to Electricity Regulation (EU) 2019/943, Electricity Directive (EU) 2019/944 and Regulation (EU) No 1227/2011 (REMIT).



More specifically, the consultation focuses on four main areas:

- a. Making electricity bills less dependent on short-term fossil fuel prices and boosting the deployment of renewables.** The strong focus of the current market design on short-term markets, still very often determined by volatile fossil fuel prices, has exposed households and companies to significant price spikes with effects on their electricity bills. Thus, the proposal considers promoting the use of long-term contracts, i.e., power purchase agreements (PPAs) or two-way contracts for difference (CFDs). The reform also aims to ensure that electricity bills better reflect the overall electricity mix and the lower cost of generating electricity from renewables.
- b. Improving market functioning to ensure security of supply, and fully utilize alternatives to gas, such as storage and demand response.** The proposal includes improvement of the conditions under which flexibility solutions such as demand response, energy storage and other weather-independent renewable and low-carbon energy sources compete in the markets.
- c. Enhancing consumer protection and empowerment.** The energy crisis has exposed consumers across the internal market to extreme energy costs. The proposal considers the possibility of developing the use of digital tools to allow consumers to control their costs. It also addresses the potential requirement for suppliers to be adequately hedged, combined with an effective Supplier of Last Resort Regime to ensure continuity of supply. Moreover, the consultation considers the possibility of guaranteeing access to a minimum necessary amount of electricity at an affordable price.
- d. Improving market transparency, surveillance, and integrity.** The proposal discusses the relevance and robustness of Regulation 1227/2011 on wholesale market integrity and transparency (REMIT). It seeks input on improvements to the REMIT framework to further increase transparency, monitoring capacities and ensure more effective investigation and enforcement of potential market abuse cases in the EU.

The Commission plans to adopt the proposal with any relevant amendments to the electricity market design by the end of the first quarter of 2023.

by Athina Zoi | Associate
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