



**Energy Newsflash**  
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## *Editor's note*

Dear readers,

Welcome to an electrifying Energy Newsflash of Rokas Law Firm. In this edition, we present and analyze the latest developments in Greece concerning the energy sector.

This issue puts the spotlight on Greece's essential energy transition. In our latest edition we bring you an exclusive look at Greece's visionary approach to enhance the electricity storage units: in the form of batteries, hydro pumping as well as hydrogen to the total installed capacity of 8 GW. By 2030 Greece aims to skyrocket its total installed capacity unlocking unprecedented opportunities for renewable energy.

As the energy landscape evolves, so does the Ministry of Environment and Energy's commitment to green power initiatives. We unveil their recent decision regulating capacities, timelines, and other issues of renewable sources (RES) and high efficiency cogeneration of power and heat (HE CHP) plants seeking operational aid in competitive procedures.

Stay tuned for a comprehensive overview of these topics and gain valuable insights into the latest energy developments in the Greek region!

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## Greek islands and Energy transition

Over the past few years, it has become more and more necessary to assess the role of the Greek islands within the scope of energy transition. The goals of the European Union for the turn towards renewable sources of energy in order to ensure a secure and affordable EU energy supply by prioritising energy efficiency, improving the energy performance of buildings and developing a power sector based largely on renewable sources cannot but affect the Greek islands, which have the potential to turn into models of green and sustainable development.

In this respect, the European Commission has launched new actions and policies, such as the REPowerEU policy and the initiative for 30 renewable energy islands, which along with the GR-eco Islands national initiative of the Greek Government, as regards Greece, comprise three main pylons of the way to energy efficiency and transition. The REPowerEU plan builds on the full implementation of the Fit for 55 package. The package sets the goal of achieving at least -55% net greenhouse gas emissions by 2030 and climate neutrality by 2050 in line with the European Green Deal. Greece, uniquely located and with an abundance of natural resources, has some of the most innovative ongoing green energy projects in Europe. More specifically, the small island of Telos is equipped with a wind plant, covering 65% of the island's electricity requirements, along with a solar plant, which is anticipated to generate approximately 265 MWh, thus covering around 9% of the island's electricity requirements. On the other hand, the island of Astypalaia is on the fast track for the establishment of solar and wind plants, with the goal of covering 80% of the island's energy demand. Further goals have been set for the island regarding electrical vehicles, public transportation on demand with the use of an app etc. At the same time, Volkswagen is aiming to establish a ground-breaking mobility system, by supplying electric cars and buses and renewable power generators to the island, with the aim of turning it into a template for carbon-neutral mobility. To that end, the current transport system on the island will transition to electric vehicles and renewable power generation.

Additionally, special note should be taken of the GR-eco Islands national initiative of the Greek Government, which aims to transform Greek islands into models of

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green economy, energy autonomy, digital innovation, and ecological mobility. The initiative includes actions such as the increased use of Renewable Energy sources, the creation of digital infrastructure, the promotion of energy efficiency, the sustainable management of waste and water, e-mobility and the electrification of transport, and the green transformation of agriculture and tourism and the development of part and other infrastructures, through targeted interventions and customised programs of the Ministry of Environment and Energy under the “umbrella” of the National Plan for Energy and Climate. On 5 November 2022, the first relative project was inaugurated on Chalki island, an island in the barren line of the south-eastern Aegean, part of the Dodecanese. The local community in Chalki is thus at the forefront of the energy transition, whereas ChalkiON is the first energy community to own and operate a PV station on a non-interconnected Greek island, with the participation of the local authorities.



At the same time, the virtual net metering is the most appropriate method for the members of the ChalkiON to offset the energy produced by the solar park with the actual consumption of their electricity bills. After the collection of the data through the electricity bills of Chalki’s residents, the energy needs of the island were calculated to 1.700MWh per year on average, which makes the installation of the

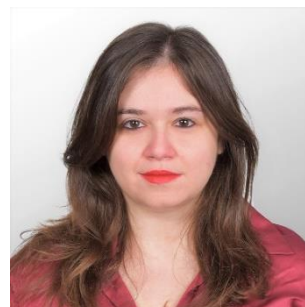
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1MW PV park able to qualify Chalki as the first energy autonomous island in Greece. The design of Chalki's initiative covers the energy needs of the island. In addition to Chalki, the GR-eco Islands initiative has also drawn attention to the island of Kythnos, which has been, since the very beginning, an island with significant RES orientation, considering that this is where the first wind plant in Europe was installed.

Lastly, the Greek Public Power Corporation (PPC) has launched Europe's second hybrid renewable energy park, combining wind and hydraulic energy with energy storage, on the island of Ikaria.

With a kick start on energy projects throughout the islands of the Aegean, Greece is also looking to participate in the latest European initiative for the 30 renewable energy islands, for which the European Commission called for applications on 16 June 2023. The aim of this call is to identify and provide technical support to 30 islands or groups of islands for the next three years, thus propelling islands towards the ambitious target of achieving complete energy independence through 100% renewable sources by 2030. Applications can be submitted until 6 September 2023.

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## The latest developments in electricity storage sector in Greece

According to the Greek National Energy and Climate Plan, currently under review, Greece intends to increase the electricity storage units in the form of batteries, hydro pumping as well as hydrogen to the total installed capacity of 8 GW until 2030, measures intricately linked with the increase in the RES electricity production.

Greece recently introduced a special legislative framework<sup>1</sup>, pursuant to which, there are three categories of storage projects: a) standalone storage plants; b) plants combining Renewable Energy Sources (RES) production and storage without the capacity to store electricity withdrawn from the grid; and c) plants combining RES production and storage with the capacity to store electricity withdrawn from the grid. The licensing procedure for the first category includes the following main licenses and approvals:

- a) storage license issued by the Regulatory Authority for Waste, Energy and Water (RAAEY) for plants with capacity above 1MW,
- b) an environmental approval and
- c) a binding offer of connection to the grid.



<sup>1</sup> By virtue of L.4951/2022 (Government Gazette A' 129/04.07.2022)

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The storage license is granted for 20 years with respect to battery projects and for 35 years if the hydro pumping plants is the case, but it ceases automatically to be valid if the holder fails to apply for an environmental license as well as for connection to the grid within 6 and 36 months from its issuance respectively.

In September 2022, the European Commission, after examining the compatibility with the provisions about the state aid set out by the Treaty on the Functioning of the European Union (TFEU) as well as the 2022 Guidelines on State aid for climate, environmental protection and energy, approved the no. SA.64736 (2022/N) Greek state aid scheme to be funded from the Recovery and Resilience Fund (RRF) in the amount of € 341 million for the provision of support in the construction and operation of storage facilities in the electricity system of capacity of 900 MW connected to the high voltage network. The time plan consists of the completion of the tendering procedures by the end of 2023 and the operation of the storage units by the end of 2025. This state aid scheme is open to all storage technologies, but the Greek authorities wish to give a push to the battery projects, since so far there are no standalone storage installations in the interconnected system, but only some hydro pumping installations.

The amount of € 200 million out of the above-mentioned amount of € 341 million will be granted in the form of investment aid from the RRF, while the rest € 141 million will be granted under the form of operational aid credited to the Storage Aid Account. The income of the Storage Aid Account will be gathered by virtue of charges imposed by a government measure upon the wholesale electricity suppliers who subsequently will pass the cost on the final consumers. The operational aid will be granted by virtue of an operational aid contract under the form of a Contract for Difference (CFD) between the electricity storage plant (ESP) holder and RES Operator and Guarantees of Origin (DAPEEP) and it will be calculated as the difference between the reference price of the ESP, i.e., the submitted financial offer considered as necessary for its financial sustainability and the price acquired by trading at the electricity market. If the market price is higher, the difference will be paid to the Storage Aid account held by DAPEEP, while if the market price is below the reference price, the ESP will receive the difference to the reference price from the Storage Aid account.

In May 2023, a joint Ministerial Decision (the “Decision”)<sup>2</sup> was issued to regulate three competitive bidding procedures for the above ESPs of a total capacity of 1000

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<sup>2</sup> No. 1087/2023 (Government Gazette B' 3416/20.05.2023)



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MW to be conducted within 2023. The first one, the total auctioned capacity of which will be 400 MW was launched by a decision of RAAEY<sup>3</sup>, according to which the starting and closing date for the submission of tenders will be the 17<sup>th</sup> of June and the 10<sup>th</sup> of July respectively. The second competitive procedure will take place the third quarter of 2023 for a total auctioned capacity of 300 MW, while the third one will take place the last quarter of 2023 for 300 MW, but it will concern only the areas falling into the Fair Development Transition Program, or else the delignitization zones. At this point, it is worth mentioning that great interest has been noted by investors as regards the first competitive procedure, since it has become known that the number of applications amounts to 93 referring to a total capacity of around 3 GW exceeding by far the total auctioned capacity thereof.

The Decision sets out some participation as well as award ceilings specifying that each ESP is entitled to participate at each competitive procedure for a maximum capacity of 100MW, while the same one can be awarded with a maximum capacity of 100 MW for both the two first competitive procedures and with a total capacity of 250 MW for all the three competitive procedures. Moreover, the Decision sets six requirements needed to be fulfilled by the ESPs cumulatively in order to be selected, with respect to the storage license, the construction works, the injection capacity, the previous testing of the technology used by the ESP<sup>4</sup> in international electricity markets, their connection to the Greek electricity transmission system, as well as their technical ability for the provision of balancing services as separate entities.

Furthermore, the procedure includes the submission of three different letters of guarantee: a) the Participation Letter of Guarantee (in the amount of € 35.000/MW of maximum injection capacity) to be submitted along with the application; b) the Good Construction Performance Letter of Guarantee (in the amount of €250.000€/MW of maximum injection capacity) to be submitted within 3 months from the publication of the definitive ranking table as a condition for receiving the investment aid; and c) the Good Operation Performance Letter of Guarantee (in the amount of €200.000€/MW of maximum injection capacity) to be submitted before the beginning of operation of the ESP as a condition for the payment of the operation aid.

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<sup>3</sup> E-45/2023 (Government Gazette B' 3939/17.06.2023)

<sup>4</sup> Except for the hydro-pumping storage and the li-ion batteries

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In May 2023 another Ministerial Decision<sup>5</sup> regarding the storage facilities was issued, regulating restrictions imposed upon the injection capacity of the standalone storage units during the day on the grounds that the potential of RES and High Efficiency Combined Heat and Power Cogeneration (HE CHP) should be exploited at the maximum extent possible given that in general the installed capacity as well as the binding offers for connection to the grid are disproportionate to the available space to the grid which in turn is disproportionate with the huge investing interest.

Since for now no standalone ESP has obtained a binding offer for connection to the grid, meaning that the investors are called to submit offers for their participation to the competitive procedures without having secured the connection to the grid, the Decision regulates that the ESP which obtains the state aid in these procedures shall belong to the A category, for priority connection to the grid, while any other ESP not having such aid will remain within the B category. In addition, after obtaining the binding offer for connection to the grid, they will have the absolute priority for the signing of the Connection Agreement with the respective grid operator.

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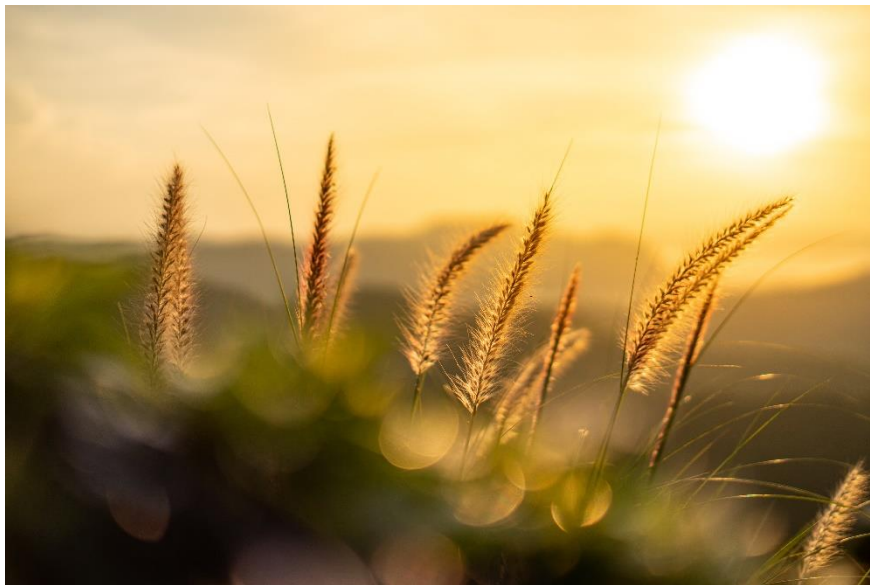
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<sup>5</sup> No.156/2023 (Government Gazette B' 3328/19.05.2023)

## RES Operational Aid Auctions in Greece for 2023 and 2024

Following the period of reduced interest of the RES plants owners in receiving operational state aid in competitive procedures during 2021 and 2022, due, mainly to the high electricity prices on the spot markets, the Ministry of Environment and Energy issued in May 2023 the Decision no. 1559/2023 amending its Decision no. 5877/2022 which regulates the capacities, timeframe and other issues of renewable sources (RES) and high efficiency cogeneration of power and heat (HE CHP) plants that wish to receive operational aid in competitive procedures (OJ B' 3328/2023 and OJ B' 3522/2022 respectively).

The Decision sets out that three RES auctions will be conducted during the third quarter of 2023 with maximum capacity to be auctioned at 1200 MW (increased for any capacity remaining undistributed in any previous competitive procedure), 200 MW and 100 MW respectively, while a fourth auction will take place in the last quarter of 2023. Of the said auctions, two will be joint for both wind and photovoltaic plants, while the other two will be for small projects: PV up to 1MW and wind up to 6 MW specified by technology. Furthermore, there are 5 other competition procedures planned for 2024 with maximum capacities of 600 MW (increased for any capacity remaining undistributed in any previous competitive procedure), 500 MW, 200 MW, 200 MW, and 100 MW respectively. The first one will be joint for wind and PV, the second specific for certain territories, the third joint for wind and PV with storage, while the last two for small plants specified by technology.



The Decision further regulates that the maximum reference price which may be achieved in the first competitive procedures, expected to be organized in September 2023, is €54/MWh for PV and €63/MWh for wind.

A basic prerequisite for the participation of the plants in the competitive procedures is the holding of a binding offer for connection to the grid, which they should have accepted by the submission of the proper letter of guarantee to the competent operator.

The plants which will win the competitive procedures and conclude agreements on operational state aid will be required to finalize the construction and start operation with a period of 36 months in case of wind and wind with storage, 30 months in case of PV solar and PV solar with storage, while for the specific per category i.e. for the small PV solar and wind plants the deadlines will be 12 months for solar and 24 months for wind.

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