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Greek electricity update 2023

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Introduction

Greece's first National Energy and Climate Plan (NECP) was adopted in 2019 by a decision of the Government Council for Economic Politics.⁽¹⁾ The revised NECP, in compliance with the new energy and climate goals of the European Union, was presented to the public in January 2023 and submitted to the European Commission for review. Following the comments received, the updated and revised NECP was prepared and re-submitted to the European Commission at the beginning of November 2023. The new plan intends to more accurately lay out the "energy roadmap" towards 2030 and 2050.

NECP revisions

The revised plan provides for renewable energy systems (RES) to comprise:

- 44% of the energy mix; and
- 79% of electricity generation (target reduced by 1%).

The target for photovoltaics, which is estimated to be set at 13.4 gigawatts (from 14.1 gigawatts) and offshore wind farms, is also reduced as their capacity is predicted to eventually be 1.9 gigawatts (from 2.7 gigawatts originally). Similarly, reductions in targets are also foreseen for electricity storage as it is estimated that by 2030 a total capacity portfolio of 5.3 gigawatts will be in operation, while the installed capacity of batteries will be set at 3.1 gigawatts (from 5.6 gigawatts in the original plan).

The total installed capacity of gas-fired power plants is expected to increase from 7 to 7.7 gigawatts by the end of the decade, meaning that one more plant will be built by 2030, with the plan noting that all lignite plants must be retired by then.

Significant changes to regulatory framework

Law No. 5037/2023 sets out additional competences for the Regulatory Authority for Energy as well as its renaming to the Regulatory Authority for Waste, Energy and Water (RAAEY). The intention is to establish and operate a single regulatory authority which will, in addition to the energy market, monitor and regulate water, wastewater and [waste management](#).

Furthermore, important amendments regarding energy communities are provided for. From now on, energy communities will be formed as Renewable Energy Communities (RECs) or Citizen Energy Communities, while those established in compliance with Law 4513/2018 may be transformed into the new forms (for further information, see "[New law introduces significant changes to energy regulatory framework](#)").

RECs should have local character and may produce electricity from RES, store, consume or sell it, while a minimum 70% of their profit should remain within the community. They should have at least 30 members (ie, individuals, small and medium-sized enterprises (SMEs), agricultural cooperants, decentralised local governments and non-profit organisations) or a minimum of 15 if all members are SMEs. For private legal entities, the production of electricity should not be the main commercial activity. The law provides various benefits for the energy communities including priority in licensing procedures and virtual net metering.

In addition, the Law introduces substantial amendments to the RES self-consumers legal framework, reducing the maximum capacities of self-consumers eligible for net-metering to 10.8 kilovolts for households and 100 kilovolts for local administration. It limits the eligibility for virtual net metering to RECs for the consumption of certain categories of their members, local government bodies and registered agricultural producers (with a capacity limitation of up to 100 kilovolts).

The Law also introduces net billing without these limitations, for which the surplus energy would be paid as feed-in tariffs, feed-in premiums or through other support measures, as applicable. Self-consumers may sell the surplus of the produced energy on the markets to traders, to suppliers or directly to consumers without limitation. Guarantees of origin will be issued for self-consumers for the surplus electricity sold as well as for the total electricity they produce from RES.

Compensation of energy-intensive companies

On 7 February 2023, the European Commission (under state aid (SA) 103180) approved the €1.36 billion compensation granted for indirect ETS costs in Greece from 2021 to 2030, in compliance with ETS State Aid Guidelines. This scheme was proposed on the grounds that energy-intensive industries need support in order to deal with increased electricity prices, due to the indirect emission rights costs. It also aims to address the risk arising out of "carbon leakage". The project intends to enable energy-intensive industries to

sign corporate purchase agreements. The eligible companies will each time receive compensation in the form of a partial refund – up to 75% – for the emissions of the previous year, with final payment taking place in 2031. However, payments for 2021 are excluded, as they should have been made by 30 April 2021.

Electricity storage

Recent development of Greek legislation

The Ministries of Finance, of Development and Investment, and of Environment and Energy published their joint ministerial decision No. 55948/1087 in the *Official Journal B' 3416/2023*. This followed the European Commission's approval of the Greek State Aid Scheme No. SA 64736 regarding the support of the construction and operation of storage facilities in the electricity system connected to the high-voltage network.

The ministerial decision regulates the aid that will be granted through three tender procedures with total capacity of 1,000 megawatts divided into 400, 300 and 300 megawatts (the third procedure will be organised for certain regions), organised by RAAEY as single-stage bidding. The minimum capacity for a plant's participation will be one megawatt and the maximum 100 megawatts. While the total capacity to participate in all three tenders may not exceed 250 megawatts per participant, the project should ensure a minimum two-hour storage capacity duration and commence construction preparation after a tender concludes. The maximum reference price in the first tender may not exceed €115,000 per megawatt per year. Furthermore, the procedure includes the submission of three different letters of guarantee, these being the:

- Participation Letter of Guarantee;
- Good Construction Performance Letter of Guarantee; and
- Good Operation Performance Letter of Guarantee.

As regards the state aid, the procedure is divided into two categories. The investment state aid to be provided in the first two tenders will be €200,000 per megawatt, while the operational aid is provided for 10 years from the beginning of operations calculated in compliance with methodology to be provided by RAAEY.

However, the investment state aid for the second tender was subsequently reduced in November by the joint ministerial decision No. 114021/203706.1.2023,⁽²⁾ from €200,000 per megawatt in the first tender to €100,000 per megawatt. The decision also scheduled the third tender for the first quarter of 2024.

It is also important to note that, with respect to the connection to the grid, the storage facilities granted with state aid in compliance with these procedures shall be processed in parallel to the "A" priority category.

Tenders

On 17 June 2023, RAAEY published decision No. E-45/2023,⁽³⁾ launching the first tender for the investment and operational support to standalone storage plants for the total capacity of 400 megawatts. RAAEY announced the qualified bidders on 10 August 2023. In this tender, a total of 12 projects were selected, securing tariffs averaging €49,748 per megawatt per year or 57% below the starting price of €115,000 per megawatt per year which was the initial auction price.

On 22 November 2023, RAAEY published decision No. E-204/2023,⁽⁴⁾ launching the second tender for standalone storage plants for the total capacity of 288.21 megawatts. The deadline for submission of applications was 22 December 2023, while the final list of the qualified bidders will be announced on 15 February 2024. The application fee and the participation letter of guarantee remains €2,500 and €35,000 per megawatt, while the letter of guarantee for timely business performance and the letter of guarantee for quality operations are reduced from €250,000 to €150,000 per three megawatts each. The maximum price (ie, the starting price) remains €115,000 per megawatt per year.

PV solar plants

According to business press announcements, the Ministry for Environment and Energy is considering offering operation state aid to photovoltaic (PV) solar plants with behind-the-meter battery installations as a means of freeing up grid capacity. This solution is expected to enable the Independent Power Transmission Operator to resume offering new connection terms which are currently on hold as a result of grid-capacity restraints. Further, the competitive procedures would be offered only to mature projects possessing final offers for connection to the grid. The tenders would offer higher reference prices taking into account the increase in investment costs due to adding storage units. It is expected that the respective regulations will be issued soon and that the first such tender will be launched in first quarter of 2024 for the capacity of 200 to 300 megawatts.

Offshore wind farms

In July 2022, the Greek regime in force regarding offshore wind farms (OWFs) was established by the enactment of Law No. 4964/2022 which promoted a specific legislative framework for OWF development. Pursuant to this framework, the state-owned Hellenic Hydrocarbon and Energy Resources Management Company (HEREMA) is authorised to perform the research, exploration and determination of the OWF Organized Development Areas (ODAs) and of the OWF installation areas (IAs). HEREMA is also authorised to assign research and exploitation rights of OWF Projects within the ODAs.

HEREMA is responsible for the drafting of the National OWF Development Program that sets the main guidelines for the planning, development, siting, installation and exploitation of OWFs, including potential ODAs. A further step is the approval of ODAs by presidential decrees, after which interested investors will be entitled to submit applications for the granting of research licences. Within two years of the expiration of the first submission cycle, HEREMA should launch public consultations regarding the IAs of each ODA, while RAAEY should organise competitive tendering procedures for the granting of operating aid to OWF projects developing into ODAs within four months from the determination of the distribution of the IAs.

According to the Law, an OWF can either be stably linked to the seabed or floating. The pilot fix-based OWFs in Alexandroupoli with a 600-megawatt capacity follow a different pilot procedure according to the European Union's plan regarding the so-called "acceleration areas" (or "go-to-areas"), as set out by EU Directive RED III (2023/2413).

On 31 October 2023, HEREMA announced that the draft development programme has already been submitted to the Environment and Energy Ministry, and that it includes 25 ODAs of an estimated minimum capacity of 12.4 gigawatts. An additional step will be the approval of the development program by a joint ministerial decision. The issuance of the respective presidential decrees for ODA determination is expected within a year and the competitive procedures for the concession of the IAs to the successful bidders are expected in 2026. In parallel, at the end of November 2023, HEREMA granted two research licences for the pilot fix-based OWFs in the area of Alexandroupoli.

Priorities for connection to grid

On 20 January 2023, Ministerial Decision No. 7063/2023 amending the decision No. 84014/2022 (which regulated the priority framework for the granting of Connection Offers for RES plants and high efficiency combined heat and power and storage plants) was published in the *Official Journal B' 275/2023*. The main amendment concerns Category B – bilateral corporate power purchase agreements (PPAs). In particular, the maximum capacity limit for connection offers in this group was increased from 1,500 to 4,000 megawatts of installed capacity. Other amendments within various categories and sub-categories are:

- PPA projects and Energy Community projects, which will be assessed alternately;
- RES projects which, combined with storage, can be assessed in parallel with the previous two provided that they do not prejudice the issue of binding offers for connection to the grid for these categories; and
- standalone storage projects that do not affect the grid absorption of RES projects and are now assessed in parallel with PPA projects, prior to other categories.

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Endnotes

(1) OJ B' 4893/2019.

(2) OJ B' 6399/2023.

(3) OJ B' 3939/2023.

(4) OJ B'6608/2023.