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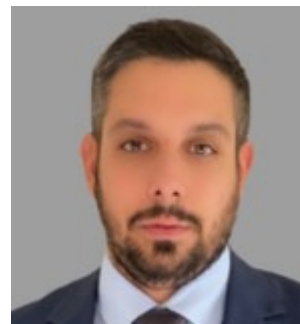
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Topic : “RAAEY’s Decision E-65/2025: A Regulatory Milestone for Greece’s Entry into the New Energy Era”

Ioanna Toufexi
Associate



Andreas Papastathis
Partner



Introduction

Decision E-65/2025 of the Greek Regulatory Authority for Waste, Energy, and Water (RAAEW) establishes for the first time the methodology for calculating the annual operational support for electricity storage stations that will commence their operation from 1 January 2026. This Decision constitutes the regulatory foundation for Greece’s entry into a new era of energy storage and completes the national regulatory framework governing the relevant support scheme.

Legal and Regulatory Framework: Alignment with EU Law

Decision E-65/2025 provides the legal basis for the granting of state aid to electricity storage projects. It also constitutes part of the overall restructuring and modernization of the licensing procedure for Renewable Energy Sources (RES) and storage projects reducing administrative barriers and accelerating infrastructure development. Simultaneously, the Decision is aligned with the

National Energy and Climate Plan (NECP) and the ten-year grid development plan of the Greek Independent Power Transmission Operator (IPTO), recognizing the critical need for storage stations to achieve RES penetration targets, strengthen system security, and mitigate curtailment issues.

Decision E-65/2025 furnishes that investment aid and/or annual operating aid may be granted to electricity storage facilities connected to and operating within the Hellenic Electricity Transmission System (HETS), as well as to storage facilities located in countries within the EEA. However, a prerequisite for the granting of such aid is the existence of active cross-border electricity trading and the coupling of balancing electricity markets.

This aid takes the form of additional remuneration, over and above the net revenues derived from the operation of the electricity storage facilities in the market, subject to the prior approval of such aid by the European Commission, in accordance with the conditions set out in the relevant Commission decision and pursuant to Articles 107 and 108 TFEU, both for the granting of state aid through competitive bidding procedures and in cases of individual aid.

At EU level, the Decision aligns with the European Commission's Guidelines on State Aid for Climate, Environmental Protection and Energy (CEEAG 2022), as reflected at Commission Decision SA. 64736/5.9.2022, which approves the compatibility of the Greek aid scheme for electricity storage projects with Article 107(3) TFEU. The scheme combines investment aid with Contracts for Difference (CfDs) to cover financing gaps and ensure flexible and sustainable participation of storage units in the market.

The framework also ensures full compliance with Regulations (EU) 2019/943 and 2019/944, governing the internal electricity market, thereby maintaining compatibility with EU competition rules and preventing distortions in cross-border electricity trade. It aligns with the EU's climate and energy objectives, including the European Green Deal, Regulation (EU) 2021/1119, the "Fit for 55" package, and the REPowerEU plan, which set binding targets of 40% RES participation in the EU energy mix by 2030 and climate neutrality by 2050. Within this context, energy storage is recognized as a strategic element for enhancing system flexibility, integrating intermittent renewable generation, and ensuring the security and reliability of electricity supply.

Furthermore, the Recovery and Resilience Facility (RRF) offers a legal and financial framework for Member States to invest in storage infrastructure, facilitating both national recovery and the EU's wide energy transition. By integrating these measures, Member States can simultaneously promote

renewable energy deployment and meet their obligation under the EU energy and climate law.

Annual Support Mechanism

The Decision introduces a new methodology for calculating the “Reference Revenue”, that is the anticipated annual permitted revenue of the energy storage station on the basis of which the sustainability of the investment was affirmed; calculation of the “Reference Revenue” is based on participation in tenders and provides for annual operational support to cover the difference with net market revenue. The initial calculation of the operating aid is performed ex ante, while an ex post annual settlement is carried out; if deviations from the project’s minimum requirements are ascertained, a relevant penalty is imposed, consisting in the reduction of the sum of the operating aid granted, which may reach up to 25% on the project’s reference revenue. The transition to an annual calculation period replaces the previous three-year period, facilitating settlements and reducing forecast errors.

In practical terms, the disbursement of this grant and the calculation of the operating aid could be managed through an open bank account operating in the form of a mutual offset account.

A notable innovation is the use of merchant storage units as a benchmark, linking support to actual market data and preventing distortions. Each storage unit is assigned a “Reference Revenue” ensuring its financial viability: any shortfall is covered by state aid, while overperformance is partially returned. This mechanism ensures that storage units remain active market participants, particularly in the balancing market, rather than passive investment instruments.

Objectives of the Regulation

Decision E-65/2025 aims to secure the financial sustainability of investments by mitigating the risk of unforeseen market fluctuations and promote efficient participation of storage units in the electricity market, maximizing their net revenues. Specifically, it seeks to enhance RES penetration, strengthen supply security through ancillary service provision, significantly contribute to the reduction of the production’s curtailments and reinforce the market position of storage units in the balancing market, ultimately contributing to lower retail electricity prices. Simultaneously, the framework ensures full compliance with EU law, rendering the support scheme not only compatible with EU competition rules but also an innovative initiative at the European level.

Advantages and Challenges

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The methodology presents several advantages, including the introduction of an innovative benchmarking mechanism limiting moral hazard, flexibility through annual settlement, and linkage of revenue stability with incentives for efficient operational performance. Nevertheless, challenges may arise, such as the reliability of the benchmark depending on the number of merchant projects, increased administrative burden on competent authorities, and potential investor deterrence due to the 25% penalty and the *ex post* settlement uncertainty.

Conclusion

Decision E-65/2025 establishes, for the first time, clear rules for the operational support of energy (electricity) storage projects in Greece, in full alignment with EU law, thus ensuring investment stability while promoting healthy market participation and RES penetration. The introduced methodology achieves a balanced approach, safeguarding financial viability of investments, while maintaining strong incentives for efficient market participation. The mechanism uniquely combines financial security with market discipline, as the Reference Revenue demonstrated in the Contract for Difference (CfD), uses as a benchmark the use of the merchant storage units, thereby reinforcing active participation of the storage projects in the energy market.

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