GREECE

KEY TRENDS IN THE RES SECTOR

In Greece, the development of commercial RES projects over the past decade has been associated almost exclusively with power production, primarily from wind farm and photovoltaics (PV) installations. The implementation of other renewable electricity (RES-E) technologies, e.g. small hydroelectric power plants, biomass power stations accounts for only a small fraction of the total RES capacity installed nationally.

The newly installed RES capacity has been rapidly increasing during the course of 2011 and 2012 mainly as a result of overcompensation (extremely high feed-in tariffs) for PV projects. Such growth is not sustainable for a number of reasons outlined below.

Major obstacles to further RES market growth identified at the end of 2012 are:
a) The burgeoning RES account deficit of the Electricity Market Operator and the increasing lack of liquidity of the electricity market.
b) The inability/unwillingness of the national and international investors and creditors to finance energy and RES projects to be installed and operated in Greece because of national financial problems.
c) The crisis-induced change of attitude of the national Government from a Pro-RES to "No More RES" philosophy as documented by a series of recent government decisions, namely:
- the imposition of an indefinite freeze on new PV projects;
- the imposition of a retrospective levy on the revenues of all operating RES projects;
- the planned imposition of new financial and administrative barriers to the further development of RES projects outlined in a new draft law for RES, and the official intention to revise (reduce) the NREAP RES targets for 2020 and the feed-in tarrif (FiT) support scheme

Currently, with the exception of already licensed and financed RES projects, RES project development is either very slow or frozen.

Retrospective changes have recently been made in Greece. On 7 November 2012, the Greek Government decided to impose a levy on the supposedly "guaranteed" gross income of all operating RES projects in Greece.

This particular decision, which was rushed through the Greek Parliament and hastily approved by a slim parliamentary majority on 7 November 2012 as part of a huge package of fiscal austerity and economic reform measures, aims to reduce the continuously growing deficit of the Greek Electricity Market Operator by cutting unilaterally the operator's payment obligations to the RES producers for three (2+1) years.

The levy ranges from 25% - 30% for operating PV systems >10 kW (average FIT ~ 400 € / MWh). Although wind farms (average FiT ~ 90 €/MWh) and other cheaper and/or higher added value RES technologies (small hydro and biomass) were exempt from the levy in the original proposal by the Ministry of Energy to the Parliament, the Government gave in to last minute political pressure and decided to impose a 10% levy on these as well. The most expensive PV system category (rooftop PVs <10 kW with an average FIT of ~ 500 € / MWh) are not taxed.

The imposition of the levy is a clear retrospective, unilateral intervention, which further undermines the seriously affected credibility of the Greek State and the ailing RES FiT support.

The levy threatens the viability of many European companies based in Greece which are either Greek or which operate in the country through subsidiaries involved in the development, installation and operation of RES projects.
The levy drives away investment and, thus, wipes out any serious prospects for continued RES in a country whose significant renewable energy potential remains largely unexploited.

The levy affects all RES technologies in an asymmetrical manner, primarily with wind, and, secondarily, with small hydro and biomass taking the "brunt" (According to the NREAP 2020, wind should act as the locomotive for national RES development and account for about 70% of the planned RES capacity mix).

POLICY RECOMMENDATIONS

Immediately suspend the application of the retrospective levy imposed by the Greek Government in November 2012 on the guaranteed gross revenues of all operating RES-E projects in Greece, at least as far as the wind, small hydro and biomass sectors are concerned (these sectors have already low or even unsustainable returns even before the levy).

Come up with alternative, rational, non-destructive solutions for reducing the RES account deficit and protect the viability of the national RES market.

Cancel the application of planned requirements for the issuance of expensive a special levy in order to retain existing RES grid connection commitments by the Transmission System Operator (TSO) or to obtain new ones. Cancel the application of planned requirements for bank guarantees to retain RES generation licenses and other administrative measures contained in the new draft law for RES which raise even more obstacles to the development of renewable projects.

Invite representatives of independent RES power producers to join the Committee formed by the Energy Ministry to study and propose to the Troika (European Commission, IMF, ECB) the revision of the RES targets for 2020 and the modification of the RES support system.

As many EU countries are facing similar problems, discuss and formulate possible common solutions at the European level (European Commission, European Parliament, etc.).

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