



GREECE



KEY TRENDS IN THE RES SECTOR

The recent development of RES in Greece was marked by the parliamentary approval of a revised support framework called “New Deal” in April 2014.

The “New Deal” imposed significant retroactive/retrospective reductions in the FITs for all existing RE projects in exchange for an extension of the duration of their PPAs. It also set new, reduced FITs for all new RES projects. Moreover, it lifted a previously imposed moratorium on PV projects and allowed for the implementation of an additional 1.5 GW of PV, excluding small rooftop PV systems, on top of the 2.2 GW 2020 national PV target, which had already been reached in 2014.

The Greek government submitted the revised support framework to the EU Commission for approval in December

2014. The decision of the Commission is expected to profoundly influence the further implementation of RES in Greece.

The provisions of the “New Deal” resulted in a significant reduction of the short /medium term revenues of all operating RES projects. It exacerbated the already serious liquidity problems of RES IPPs, threatening their viability. Having intended to reduce the deficit in the account balance of the National Electricity Market Operator, the tariff reductions failed to ensure the viability of the account, and thus the serious delays in the payments of RES producers persist. This situation is expected to deteriorate unless the liquidity of the dominant market player, the PPC, improves. No changes relevant to the support of RES-H or RES-T projects occurred in 2014.

POLICY RECOMMENDATIONS



ELECTRICITY SECTOR

Improve the liquidity of the PPC: The PPC controls 98% of the electricity supply in Greece. Currently, unpaid electricity bills to the PPC account for more than € 1.7 billion. This causes, among other market viability problems, serious delays in the contracted payments of RES electricity producers. Incentives have to be provided to debtors in the form of the possibility to pay back their debts in flexible monthly installments. Moreover, the PPC must further reduce its operational costs and seek more loans so as to strengthen its financial base and, thus, be able to pay RES IPPs.

Change the way in which the support for RES in electricity is calculated and collected: Despite efforts to improve it, the methodology to calculate and collect the support for RES-E in Greece remains flawed. It overestimates the amounts of public support required to finance RES projects, it reduces the cost for electricity suppliers and favors fossil fuels. The calculation needs to be based on the principle of avoided environmental cost. Furthermore, the existing corresponding levy has to be integrated in the suppliers' cost and should not be treated like a separate charge.

Prepare to respond to the Commission's request to establish a new support framework for RES based on the new EU guidelines for State Aid: The new guidelines foresee the establishment of a feed-in premium system with auctions for all new RES-E projects exceeding a certain capacity threshold after 1/1/2017. The implementation of such a system is expected to face serious barriers in Greece as there is no representative reference market price and the conditions for the successful organization of auctions for the premium are unfavorable. The Government needs to organize consultations with the market stakeholders at the national level to arrive at a viable plan to deal with this.



HEATING AND COOLING SECTOR

Establish a coherent and integrated support framework for RES-H: There remains an urgent need for developing an integrated plan for the promotion of renewable technologies in heating and cooling. The Ministry of Environment and Energy should delegate this task to a competent public authority, e.g. the state-supervised Center for Renewable Energy Sources (CRES), and then subject the new plan to public consultation.



TRANSPORT SECTOR

Establish a coherent and integrated support framework for RES-T: There remains an urgent need for developing an integrated plan for the promotion of renewable technologies in transport. The Ministry of Environment and Energy should delegate this task to a competent public authority, e.g. the state-supervised Center for Renewable Energy Sources (CRES), and then subject the new plan to public consultation.



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