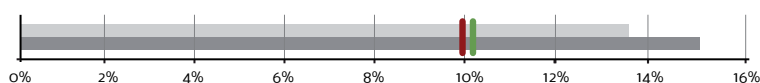




IS GREECE on track?

- Greece has achieved both its 2013 NREAP target and the interim target 2013/14.
- The growth rate in the RES-E sector is enough to achieve the 2020 target if it can be maintained. For RES-H&C, the 2020 target share has already been achieved. However, the growth rate in the RES-T share has to be increased significantly to achieve the 2020 target.

OVERALL RES SHARE



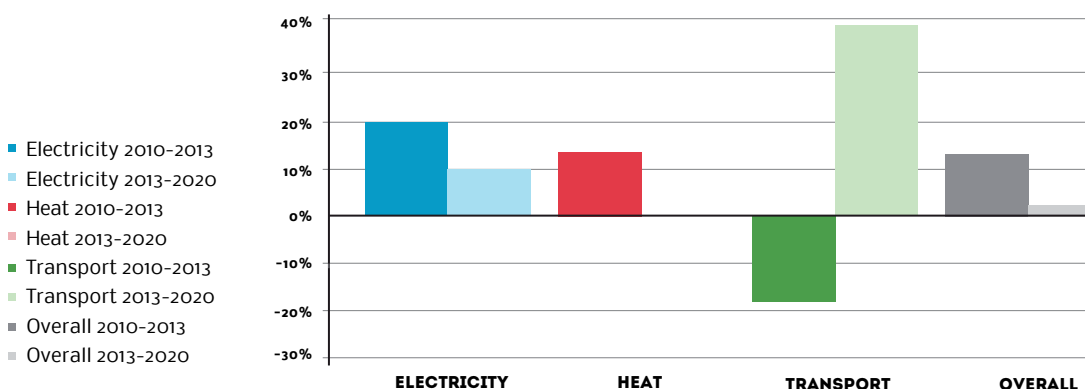
- 2012 Overall RES share
- 2013 Overall RES share
- 2013/2014 interim target set by RES Directive
- 2013 NREAP target

2013 RES SHARE COMPARED TO 2020 TARGET SHARE IN CORRESPONDING SECTORAL GROSS FINAL ENERGY DEMAND



	ELECTRICITY	HEAT	TRANSPORT	TOTAL
2013 actual share of RES in sectoral gross final energy demand	21.2%	26.5%	1.1%	15.0%
2013 NREAP target	21.8%	16.8%	4.8%	9.9%
2013/2014 interim target set by RES Directive	-	-	-	10.2%

AVERAGE ANNUAL GROWTH RATES OF RES SHARES FROM 2010 TO 2013 COMPARED TO GROWTH RATES REQUIRED FROM 2013 TO 2020





BARRIERS

to RES deployment

ELECTRICITY

BARRIER	DESCRIPTION
UNCERTAINTIES CONCERNING THE SUPPORT FRAMEWORK FOR RES IMPLEMENTATION	The so-called "New Deal" on RES provided a viable solution so as the RES-E sector can be stabilized and aimed to put an end to the crisis of the RES sector. The "New Deal" on RES has succeeded in solving the unstable RES-E landscape. However, a coherent RES-E strategy is urgently needed in the context of an updated "Strategic Energy Roadmap". The barrier impacts the technical and operational level of the RES sector. All renewable energy sources technologies are affected by such barrier.
LACK OF LIQUIDITY OF THE GREEK ELECTRICITY MARKET OPERATOR	Though the deficit of the Special Account for RES is starting to decrease since the introduction of the "New Deal" on RES, a four month delay of LAGIE's payment to the RES producers can still be observed. In addition, the Electricity Market Operator's commitment to eliminate its deficit by the end of 2014 cannot be surely achieved until the need of the next year.
REFORM OF THE ELECTRICITY MARKET	Based on the latest reforms of the Greek electricity market, it should be assured that the new electricity market will be competitive, set clear rules concerning its operation and facilitate the entrance of new participants. However, there are concerns due to the insufficient progress of unbundling and the Public Power Corporation's monopolistic role. Moreover, the Greek RES-E sector will probably encounter problems competing in the new electricity market, as the substitution of the current feed-in tariff with the more market based feed-in premium mechanism with auctions does not necessarily allow serious financial margins for RES investors.

HEAT

BARRIER	DESCRIPTION
LACK OF A COMPREHENSIVE RELEVANT SUPPORT SCHEME	Only a number of policies were directed to RES-H and were mainly integrated to more general energy efficiency policies and measures. Such a development was necessary for biomass deployment as it was projected that such technologies could follow the development path of the dominant technologies. However, it was interrupted by the crisis of the RES sector in 2012.
LACK OF COORDINATION BETWEEN RELEVANT STAKEHOLDERS	Although individual efforts to promote the use of biomass for heating applications exist, the lack of coordination between the relevant stakeholders (state authorities, project developers, investors, etc) has impeded the design of RES-H projects. For example, no information is made available concerning the exact location of the 290,000 SMEs that could offer their organic residues as raw material and there are conflicting data about the permitting of necessary collection methods and storage facilities for agricultural biomass.
COLLECTION AND STORAGE OF BIOMASS AS PRIMARY PRODUCT	Although there is significant potential and promise for local added value from the exploitation of biomass in Greece, problems with its collection and storage are a big challenge because of the fragmented land use and the scattering of a big number of small plants producing biomass waste. Concerning forest residuals that can be used as input to biomass plants, the existing legislative framework is very restrictive, thus leaving little room for their exploitation.

TRANSPORT

BARRIER	DESCRIPTION
COLLECTION AND STORAGE OF PRIMARY PRODUCTS USED FOR BIOFUELS PRODUCTION	As with the biomass technologies for electricity and H&C, the biofuels sector faces serious issues related to the collection and storage of the primary products used for the production of biofuels. Sometimes it has been cheaper for biodiesel producers to import raw materials than to purchase them from the local markets.
BIG NUMBER OF SMALL FARMERS AND BIOFUEL PRODUCERS	There are a great number of small farmers and biofuels producers dispersed in the Greek region. Apart from that, those small dispersed producers are not coordinated with each other. This consequently brings unnecessary constraints concerning the quota distribution process resulting in a vicious circle. More specifically, the lack of coordination delays the yearly quota distribution and this delay creates problems with the planning of biofuel production.
DELAYS CONCERNING THE QUOTA DISTRIBUTION SCHEME	The process of the biofuels quota distribution scheme has been defined in detail since 2012. However, there have been substantial delays in its implementation in comparison to the indicative timeline foreseen by the relevant legislative framework.

KEY TRENDS IN THE RES SECTOR

- In April 2014, a revised support framework for RES, the “New Deal”, imposed significant retroactive/retrospective reductions in the FITs of all existing RE projects. It set new, reduced FITs for all new RES projects and lifted a previously imposed moratorium on PV projects. The Greek government submitted the revised support framework to the European Commission for approval in December 2014.
- The “New Deal” resulted in a significant reduction of short and medium term revenues of all operating RES projects. It

exacerbated the already serious liquidity problems of RES IPPs. However, it failed to ensure the sought viability of the National Electricity Market Operator, and thus the serious delays in the payments of RES producers persist.

- 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: Incentives have to be provided to consumers-debtors in the form of the possibility to pay back their debts to the PPC 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: The calculation needs to be based on the principle of avoided environmental cost. Furthermore, the existing relevant 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 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: The Ministry of Environment and Energy should delegate this task to 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: The Ministry of Environment and Energy should delegate this task to the state-supervised Center for Renewable Energy Sources (CRES) and then subject the new plan to public consultation.



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