

## **CASE STUDY: RES ENERGY COMMUNITIES IN GREECE**

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# EU RES DETECTIVE 2018/2001/EU

## **RES EC: Who should participate and what benefits are expected?**

The participation of **local citizens and local authorities** in renewable energy projects through RES EC has resulted in substantial added value in terms of **local acceptance** of renewable energy and **access to additional private capital** which results in local investment, more choice for consumers and greater participation by citizens in the energy transition (Recital 70).

MS should take into account **the positive impact on regional and local development opportunities, export prospects, social cohesion and employment opportunities**, in particular as concerns SMEs and independent energy producers, including renewables self-consumers and RES EC (Recital 63).

Empowering jointly acting renewables self-consumers also provides opportunities for RES EC to advance **energy efficiency at household level and helps fight energy poverty through reduced consumption and lower supply tariffs** (Recital 67).

# EU RES DETECTIVE 2018/2001/EU

## RES EC: competing large-scale players

Member States (MS) should ensure that **renewable energy communities (RES EC)** can participate in available support schemes on an equal footing with large participants. Measures that may be undertaken by MS: providing information, providing technical and financial support, reducing administrative requirements, including community-focused bidding criteria, creating tailored bidding windows for RES EC, or allowing small installation RES EC to be remunerated through direct support (Recital 26).

The specific characteristics of local RES EC in terms of size, ownership structure and the number of projects can hamper their **competition** on an equal footing with **large-scale players**, namely competitors with larger projects or portfolios (Recital 71).

# EU RES DETECTIVE 2018/2001/EU

## art. 22

### MS shall ensure that:

- **final customers**, in particular household customers, are entitled to participate in a RES EC while maintaining their rights or obligations as final customers; and
- RES EC are entitled to a) **produce, consume, store and sell renewable energy**;  
b) **share, within the RES EC**, renewable energy that is produced by the production units owned by that RES EC; c) and access all suitable energy markets both directly or through aggregation in a non-discriminatory manner.

MS should provide an **enabling framework to promote and facilitate the development of RES EC**.

# Serbian RES law (OJ 40/22.04.2021) on EC

RES EC is a legal person established according to the principle of open and voluntary participation of its members, which is controlled by its members whose residence or registered office is in the vicinity of the **location of the renewable energy power plants** which is owned or developed by this legal person..

**Members:** a natural or legal person, as well as local self-government units and other forms of local self-governance. **A company, and/or entrepreneur may be a member of a EC, under the condition that electricity production from renewable sources does not represent their predominant commercial or professional activity.**

**Scope:** The primary scope of establishing an EC is the use of renewable energy sources to meet the energy needs of members of the community. Thus it may produce, consume, store and sell renewable energy, and it may access all energy markets, directly or through aggregation.

# Introduction of EC in Greece in 2018

- Law 4513/2018 (OJ A 9/23.01.2018), henceforth **the EC Law**, as amended 4 times since;
- The **scope** of EC isto promote, among others, **social economy and solidarity, innovation in energy, energy sustainability, energy production, storage, self-consumption**, energy supply and distribution, energy safety on the islands, and to increase energy efficiency in final consumption on local and regional level and use of RES and High Efficiency Cogeneration of Heat and Power (HE-CHP), and sustainable transportation;
- **EC** are legal persons and are registered in the **Commercial Register** of Companies (**GEMI**);
- **Members of an EC may be:** Individuals; Private or public legal entities; the respective local administration authorities of Grade A (Municipalities) of the region of the seat of an EC (or of the location of its plant); the respective local administration authorities of Grade B (Prefectures) of the region of the seat of an EC.

# Local Members

The minimum **number of members** an EC may have are :

- 5, if all members are public legal entities (non-local administration authorities) or private legal entities or individuals;
- 3, of which at least 2 members are local administration authorities, while the rest of the members are public or private legal entities or individuals;
- 2, if both members are local administration authorities of Grade A (Municipalities) on islands with population below 3.100 inhabitants.

At least **50%+1 of the members** of the EC should be related to the **location** of the **EC's seat**. Specifically, the individuals–members of the EC, should have the ownership or usufructus right of land situated within the region in which the seat of such EC is, or must be citizens of such Municipality, whereas the legal entities that are members of such EC should have the seat within the region of the EC

# Members of an EC

- A member of one EC, other than a local administration authority, which has been established for the production of electricity from RES or HE CHP or Hybrid Plants, which acquire operational state aid (meaning FiT or FiP) may not be a member of other EC with the same scope, operating in the same Region of Greece. This is controlled by the grid operators during the processing of applications for the connection to the grid.
- With the exception of the local administration authorities, whose participation may be 40% (or 50% in small islands' communities), the law limits the participation of any member of the EC to 20% of its capital.
- Each EC member may have only one vote in the General Meeting, regardless to its share in the capital.



# For-Profit EC

- ECs are, as a rule, non-profit organizations, but are entitled to distribute profit if they have: **at least 15 members** (or 10 in case of islands with population below 3.100 inhabitants), **50% +1 of which are individuals**.
- Licenses for production of electricity may be transferred only to an ECs which has seat within the same Prefecture.
- The ECs may also **sell** their RES licenses to individuals or legal entities, in which case the RES project **forfeits the privileges** regarding the consideration to be paid, the exemption from the auction procedure, and the priority for obtaining the production license and the final connection terms.
- The same applies in case the EC **merges** in any way so as to transform into a corporation.

# Benefits 1

## a) **Feed in Tariff without auction**

An individual or a legal entity directly or indirectly through participation in its management or shareholding, with any percentage of participation, is prohibited from concluding agreement on operational aid without participation in auction procedures (FiT) if it already participates in 2 plants of the same technology for which FiT agreements have been concluded and the auctions for the reference prices are being organized for the RES technology in question. The application of this rule is monitored by RAE and by the System and Network Operators. This rule applies also to EC with exception that the maximum permitted capacity is **up to 18 MW**.

Further, the general rule is that after 1 January 2021 PV solar plants may conclude Operational State Aid agreements only after participation in auctions (i.e. FiP). Exceptionally, EC may not after 1 April 2022 conclude more than 2 Operational State Aid agreements without participation in auctions (i.e. FiT) only for **up to 2 plants with capacity of up to 0.5 MW**. Exceptionally, the above time limits are extended for one year for the solar plants developed in the Region of West Macedonia

# Benefits 2

## b) Increased FiT

Up to 31.12.2020 the FiT for solar PV of EC which do not participate in the RES Auctions was determined to be equal to the **average price of the three consecutive competitive procedures for PV** (of the same category of PV or if such were not organised than of the PV which have been organised) held previous to the one before the respective application, **increased for 10%**

Subsequently on 26 March 2020 the Ministerial Decision no. 30971/1190 was issued (OJ B' 1045/2020) which changed the above way of calculation of the reference prices, thus the new prices applied **from 01.01.2021**.

It provides for a new relevant category i.e. 30 g PV solar energy plant of EC with capacity from 200 kW to 1 MW equal to the average form the three last auction reference prices for PW solar plants increased for 10%. The basis for the calculation of the monthly FiT for the category 30 g is **65 €/MW**, while the correction reduction rate for this **category is 7.4%**. These rates apply to the plants which start operation after 01.01.2021.

# Benefits 3

## c) Connection to the grid

Applications of the ECs for the issuing of grid connection terms are evaluated by the respective authorities **with priority**

However, this priority does not apply for the joint application towards ADMIE for the granting of connection terms by stations that have a total capacity exceeding 8 MW

## d) Saturated grid

An individual or legal entity, directly or indirectly through participation in its management or shareholding, with any percentage of participation, may submit only one application for obtaining of binding offer for connection to a saturated grid for a PV solar plant up to 400 kW for each saturated grid. However, an EC may submit applications for **maximum 8 plants per EC**

## e) Other

- **Priority for processing of applications** for issuing of production license and environmental approvals;
- **Reduced charges for services of joint representation** on the market;
- Reduced amounts of **bank guarantees** etc.

# Implementation

- **Massively accepted and developed** in various Prefectures of Greece;
- Research as of **December 2020** shows that at the time there were **409 EC** registered in Greece; number of members from 5-150, but **75% had 10-20** members; the preferred activity electricity production from PV solar; only 3 were operational selling electricity for profit;
- Not all are genuine EC; **July 2021** report of the Distribution Network Operator (DEDDIE) states that only in 2021 DEDDIE has received **1.500 applications** for the connection to the grid by RES EC for the total of **1200 MW**, but **only 30** of them have either more than 60 members or local authorities as members;
- In the period from 2018 until July 2021, 1017 EC were established (**984 currently active**) and 432 plants were built of the total capacity of 300 MW;
- Risk of having **Greek and foreign investors** behind local legal entities;
- Increase of control and, if necessary, further adjustment of legislation.

# Conclusions

- Great **opportunity** for developing of RES, reducing the cost of electricity for consumers or even earning profit by the consumers, promotion of RES, strengthening of **energy democracy**;
- The current obstacles should be addressed to encourage individuals and consumers in general. E.g. the issue of **bankability** of RES EC;
- Establishing of RES EC should be **encouraged** by the state and even more by the local authorities; Local authorities could play initiative role.
- Good examples in the **Prefecture of West Macedonia**, with 166 RES EC (as of October 2021) with significant role of the local self-government. Characteristic samples are RES EC formed by the Municipality of Kozani and Florina-Prespes, as well as the Prefecture of West Macedonia in cooperation with **13 municipalities within this Prefecture and the University of West Macedonia**. There are also **9 non-profit** RES EC which submitted application for Virtual Net-metering. The State is discussing separate line of financing for the RES EC through the Green Fund particularly in the area of previous lignite production units that are being shut down.

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## Thank You

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