

Security in energy supply: nothing will be the same

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Measures to address security of
supply and high electricity prices:
example of Greece

by Mira Todorovic Symeonides

Introduction

- Spring 2021 - slow and steady increase of the electricity prices at the Greek and neighboring wholesale markets;
- Increased prices affect RES auctions and concluding of Feed-in-Premium agreements;
- October 2021 - imposing of strict obligation and penalties: deadlines for the signing of agreements – 4 months from publication of the auction results; otherwise forfeiture of participation bank guarantees, replaced with the next producer on the lists of the RES auctions, pay a penalty for four years in the amount equal to the difference between the reference price achieved in the auction and the market price for their electricity sold on the Energy Exchange, or be deleted from the EnEx and TSO registers.

Electricity market emergency intervention - producers

- May 2022 extraordinary levies on the producers participating in the markets, for the period from October 2021 until end-June 2022 equal to 90% of the positive difference in the profit margin of the same month in the previous and current year;
- July 2022 temporary measure refunding part of the profits acquired on the DAM from end-June 2022 until end-June 2023 (HPP €112/MWh, RES €85/MWh);
- Subsidizing consumers - households (electricity, heating, petrol);

Electricity market emergency intervention - suppliers

- July 2022 regulating adjusting of prices by the suppliers for the period 1 August 2022 until 1 July 2023, temporary suspension of the supply agreement provision on adjustment of the retail prices to the wholesale prices;
- November 2022 temporary measure regarding refunding of surplus profit of suppliers for the period 1 August 2022 until 1 July 2023;

Speeding up RES licensing procedures

- Environmental approvals and connection to the grid as main bottlenecks of the procedure;
- Amended legislation in 2020 and 2022 to accelerate the procedures;
- Strategic investments regime and recent amendments;

Strategic investments

- a) Minimum investment threshold, securing of new employments and
- systems that combine electricity production unit and production of green hydrogen when the only purpose of the electricity production is to produce hydrogen; or
 - offshore wind or offshore floating PV plants; or
 - RES project/works which connects the islands; or
 - RES plants with fully controlled production (i.e. those which use biomass, biofuel, or geothermal, or solar thermal and high efficiency CPH electricity production plants); or
 - storage of electricity from RES.
- b) incentives: fast track procedure, tax incentives, regarding allocation and expropriation, and subsidizing some costs.

Connection to the grid

- Serious issues of insufficient capacities and delay in resolving various priority issues
- August 2022, decision on the new priorities for the last two years applications
- Developing storage and extending the grid
- Encouraging PPAs
- Focus on roof solar, other types of energy, energy communities

Connection to the grid

- The Decision divides all applications into six categories (from A to F), often having numerous sub-categories; limits the capacities in each category and reduced the capacities for 20% for most the categories:
- It provides a priority framework for the electricity storage plants;
- A category provides for certain areas and internal storage,
- B category corporate PPAs;
- The C category includes energy communities, specific territories or a combination of the two;
- The D category regulates plants with internal storage and RES plants with connection to the storage plants;
- The E category HE CHP, biofuel, small high-pressure processing geothermic plants and roof photovoltaics;
- Finally, the F category includes all other RES plants not listed in the above categories.

Other measures and continuing the market reform

Other measures include reduction of electricity consumption in state administration and energy efficiency of public buildings introduced in September 2022; reduction of demand for electricity, smart readiness, and improving of energy efficiency in November 2022.

Numerous other measures are ongoing encouraging prosumers and net metering, energy communities, corporate PPAs potentially to be included in the Energy Exchange OTC market, regulating offshore wind and solar, further regulating energy communities, etc.

Conclusions

- Due to the emergency the measures may not always be well measured taking into consideration all market players and aspects, as well as future development of the already disrupted market and may cause unplanned effects;
- Regulators should be ready to correction measures during their implementation;
- Risk of potential legal response of the market participants affected by such measures.

Thank you !



Mira Todorovic Symeonides, LL.M.

Lead of Rokas' Energy Group, she has more than 25 years experience in commercial law and over 20 years in energy law including on large scale multiple jurisdictional projects, involving also regulatory, dispute resolution issues as well as cross-border matters. She has been engaged in different aspects of energy law cases, including unbundling and liberalisation of energy markets; energy trade and energy supply issues, project financing; licensing of energy entities and other regulatory and pricing issues; EU acquis compliance studies in regard to RES and Public Procurement in Energy; as well as issues of hydrocarbons concession law. She supervises Rokas' offices of SEE in regard to energy law issues. Member of the Belgrade Bar since 1993 (transferred to Athens) and the Athens Bar since 2007. One of the founding members and a member of the BoD of the Serbian Energy Law Association.