

Energy & Natural Resources - Greece

Reducing the photovoltaic feed-in tariffs

Contributed by **KGDI Law Firm**

June 18 2012

Introduction

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Introduction

At present, the installed renewable energy sources (RES) capacity in Greece exceeds 2.4 gigawatts. The major technologies in place are wind and photovoltaics, followed by small hydro and biomass. In particular, photovoltaics display dynamic development. By the end of 2011 the installed capacity was 580 megawatts (MW), compared to an installed capacity of 198MW in late 2010. Power purchase agreements have already been signed for a further 2,000MW (with locked feed-in tariffs), representing a 300% increase from the end of 2010.

Taking these developments into account, Greece is expected to meet its 2014 target of 1,500MW, while the realisation of projects that have already signed power purchase agreements means that the country is on track to meet the 2020 target several years before the deadline.

Reduction of photovoltaic feed-in tariffs

In order to ensure the viability of the proposed mechanisms, and to reduce the deficit of the RES special account, the minister of environment, energy and climate change carried out a public consultation with stakeholders in the energy market and environmental organisations in order to discuss a reduction of the photovoltaic feed-in tariffs.

Taking into consideration the recommendations of all stakeholders, as well as the proposal of the Regulatory Authority for Energy (RAE) to reduce the guaranteed price for photovoltaics, the minister issued a decision stating that the ministry would proceed with the reduction of the guaranteed feed-in tariffs for photovoltaics as of February 1 2012 without retroactive effect (as shown in the tables below). The decision was made in light of the need for uninterrupted payments to producers and the proper functioning of the energy market, as well as the significant reduction in installation costs and the improved efficiency of photovoltaic technology.

Although the measure is expected to affect the reduction of the RES special account deficit in the long term, at present, payments to the RES producers for the energy injected into the system through their power plants are made with a delay of approximately two months.

The table below shows the values for plants of less than 100 kilowatts (KW) and non-interconnected islands.

Month	Current value (€/MW hour)	New value (€/MW hour)	
February 2012	375.54	328.60	
August 2012	353.55	305.60	
February 2013	336.23	284.20	Percentage reduction 12.5% of the feed-in tariff included in Law 3734/2009 and 7% on the new price per semester
August 2013	316.55	264.31	

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February 2014	302.56	245.81
August 2014	293.59	228.60

For each year from 2015 onwards, the feed-in tariff is a function of the marginal system price, defined as $1.4 \times \text{m.o.OT}\Sigma_{n-1}$ (where $\text{m.o.OT}\Sigma_{n-1}$ is the average marginal system price of the past year, $n-1$).

The table below shows the values for plants of more than 100KW.

Month	Current value (€/MW hour)	New value (€/MW hour)	<p>Percentage reduction</p> <p>12.5% of the feed-in tariff included in Law 3734/2009 and 7% on the new price per semester</p>
February 2012	333.81	292.08	
August 2012	314.27	271.64	
February 2013	298.87	252.62	
August 2013	281.38	234.94	
February 2014	268.94	218.49	
August 2014	260.97	203.20	

For each year from 2015 onwards, feed-in tariff is a function of the marginal system price defined as $1.3 \times \text{m.o.OT}\Sigma_{n-1}$ (where $\text{m.o.OT}\Sigma_{n-1}$ is the average marginal system price of the past year, $n-1$).

The table below shows the values for residential rooftops.

Month	Current value (€/MW hour)	New value (€/MW hour)	<p>Percentage reduction</p> <p>12.5% of the feed-in tariff included in Law 3734/2009 and 7% on the new price per semester</p>
February 2012	522.50	495	
August 2012	522.50	470.25	
February 2013	496.38	446.73	
August 2013	496.38	424.40	
February 2014	471.56	403.18	
August 2014	471.56	383.02	
February 2015	447.98	363.87	
August 2015	447.98	345.68	

The reduction is provided every six months rather than annually as applicable today, and continues until 2019.

Additional measures to cover RES special account deficit

The photovoltaic feed-in tariff reductions come in addition to the following measures announced by the minister of environment, energy and climate change following the RAE's decision in order to strengthen the RES funding mechanism:

- a charge of €2 a MW hour on the lignite-fired electricity production;
- use of Common Ministerial Decree 187497/2011, which foresees the sale of 10 million tons of carbon credits in 2012. In addition, the total revenues from the auction of carbon credits between 2013 and 2015 will be used to reinforce the RES special account; and
- activation of Article 12(16) of Law 3851/2010 for the transfer of part of the proceeds of electricity bills for the public television licence fee to the RES special account.

Although activation of the television licence fee measure has been announced by the minister several times, no progress has yet been made in the transfer of the proceeds to the RES special account.

Finally, the measure regarding contribution of the total revenues from the auctioning of carbon credits between 2013 and 2015 to the RES special account is included in a draft law on the use of Helliniko airport and the Helios project, which is expected to enter into force soon.

The ministry also intends, within the framework of this law, to take action on structural changes for other renewable energy technologies, in regard to their maturity and ability to achieve their goals for 2020, including:

- a gradual transition to the declaration of readiness for the electrification project, without retroactive effect, in order to lock the guaranteed price, as in the rest of the European Union;
- measures for the further promotion of biomass technologies, geothermal energy, small hydro and small wind turbines; and
- renaming the special RES duty so that it reflects the cost of transition to a cleaner energy mix for the country.

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