

## NEWSLETTER

### ⚡ ENERGY

22 March 2010

#### >Update on reduction of photovoltaic electricity prices proposed by new law<

The new photovoltaic pricing proposals introduced by the Law on Expediting the Development of Renewable Energy Sources (for further details please see "[Reduction of photovoltaic electricity prices proposed by new law](#)") have drawn reaction from the photovoltaic market. As a result, during a meeting with market representatives the minister of environment, energy and climate change indicated the possibility that the price of photovoltaics would be increased. However, the government maintains that the price is connected to subsidies under the new law.

Following reaction over the limited timeframe which was allowed for public consultation on the reduction in price of photovoltaic electricity, the minister met the presidents of the Hellenic Association of Photovoltaic Companies, the Association of Producers of Energy through Photovoltaics, the Hellenic Association of Photovoltaic Investors and the Hellenic Association of the Photovoltaic Industry.

The meeting took place after company representatives asserted, among other things, that many investment plans were at risk of being cancelled, as the reduction in prices announced by the ministry will affect projects up to 100 kilowatts

(kW) for the next 18 months and projects over 100kW for the next 30 months (when compared with the pricing system under Law 3734/2009).

The minister repeated that the pricing scheme must reflect the cost of production and ensure the viability of investments, and stated that the future revision of pricing must be based on actual market development and production costs.

According to the existing law, prices are to be reduced until 2014, after which they will be based on a specific ration and grid capacity under the marginal grid price.

The plan, which was published for public consultation, referred to fixed pricing which, for the next 18 months or 30 months depending on the capacity of each project, will be lower than the prices provided for by Law 3734/2009, but will eventually be higher than those provided for by Law 3734/2009

The pricing set out in the public consultation is €550 per megawatt hour for roof projects (unchanged), €400 for photovoltaic projects up to 100kW (lower for the next 18 months) and €320 for projects over 100kW (lower for the next 32

months, compared with the provisions of Law 3734/2009).

The minister has allowed for the new pricing to take effect progressively so that investments which are licensed but have not yet been registered with the electricity system operator remain unaffected.

Furthermore, the minister highlighted the need to connect the price per kilowatt hour with the size of the subsidy, which suggests that the ministry is looking either to provide higher feed-in tariffs for

projects which will not receive subsidies or to spread the subsidies over the 20-year period for which the power purchase agreement is effective.

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